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Have Section 8 Vouchers Increased Tenant Mobility in Los Angeles?

Comparing Locational Distribution of Section 8 Households from 1997 to 2002

A thesis submitted in partial satisfaction

of the requirements for the degree Master of Arts

in Urban Planning

by

Rafael Yaquian-Illescas

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ABSTRACT OF THE THESIS

Have Section 8 Vouchers Increased Tenant Mobility in Los Angeles?
Comparing Locational Distribution of Section 8 Households from 1997 to 2002

By

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Master of Arts in Urban Planning

University of California, Los Angeles, 2004

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In the 1990s housing mobility became a popular strategy for improving the lives of the poor. That decade, Los Angeles was chosen to participate in the U.S. Department of Housing and Urban Development's "Moving to Opportunity" demonstration project that encouraged poor persons living in segregated low-income neighborhoods to move to neighborhoods with reduced racial segregation and less concentrated poverty. Congress expanded that program and established the Housing Choice Voucher program with the intent of deconcentrating poverty by increasing tenant residential mobility. This thesis evaluates the program's success in deconcentrating low-income households in Los Angeles.

This thesis examines changes in locational distribution of Section 8 participant households in the Los Angeles region between 1997 and 2002 by neighborhood poverty rate (NPR). The analysis appraises the effects of race and ethnicity on participant household mobility. A rental market analysis is included to review the effects of housing markets on participant household mobility.

Findings indicate that in Los Angeles, Section 8 participant household mobility decreased between 1997 and 2002. Data indicate voucher usage in affluent and low-poverty neighborhoods has decreased by almost 40 percent and that voucher usage in very-poor neighborhoods increased by 27 percent.

Data indicate that persistent race based discrimination affect mobility for Section 8 participant households in Los Angeles. Black households were the most likely to live in very-poor neighborhoods and over half of Latino participant households live in poor neighborhoods. The analyses point to the need for a reevaluation of efforts to deconcentrate poor urban families in Los Angeles.

I. Introduction

According to, *The State of the Nation's Housing Report* (Harvard 2003), three in ten U.S. households have housing affordability problems. Nonetheless, across the nation few of those needy households receive assistance. Housing assistance has never been a guaranteed right in America. Rather it has been a much maligned and stigmatized process. The Federal government's role has always been contested.

Recently, the federal government has shifted its role from one of a producer to one of an enabler. Teitz (1991) states:

“We have moved away from the assumption embodied in public housing, that the primary way to approach the problem of supplying adequate and affordable housing for the poor should be the construction and supply of housing specifically for their use. In its place, we have assumed instead that the object of policy should be to ensure that the poor participate in the housing markets in much the same way as other groups in society, and that public programs should support that participation” (2).

As the quote suggests, the government's new primary focus has been to enable low-income households to participate in the market vis-à-vis the Section 8 Housing Choice Voucher program.¹ But how successfully have low-income (often minority) households been able to participate in the housing market? In other words, have voucher programs increased the low-income households' ability to compete in the housing market and increased their mobility?

Before we can answer those questions, we must first understand how the policy shift came about. We must understand how theories of concentrated poverty affected

¹ Though originally created to deconcentrate minorities from public housing, the notions of residential mobility were adapted to help combat the effects of concentrated poverty vis-à-vis the Housing Choice Voucher (HCV) Program. Mobility thus connotes the ability of a voucher holder to move from areas of high concentrated poverty to areas with minimally concentrated poverty. More details on the evolution of the program will be provided in subsequent chapters.

housing policy. We need to explore how voucher programs were designed to help the poor participate in the housing market. We must explore what affects the locational distribution of households receiving voucher assistance. To answer these questions I present a detailed review of the existing literature on causal theories of concentrated poverty and on what affects location patterns of Section 8 participants.

Due to limits in time and resources I will not be able to examine the success of enabling programs nationwide. Instead I will focus on Los Angeles County. I believe Los Angeles is a perfect place to look at both for its unique characteristics and the general applicability of lessons learned from the Los Angeles experience.

This thesis provides an analysis of the evolving locational patterns of Section 8 participants in Los Angeles County to evaluate the program's success in increasing mobility and competitiveness of low-income households in the housing market. In particular I examine whether Section 8 participants have become more or less concentrated in high poverty neighborhoods by comparing distribution of Section 8 participant households from 1997 to 2002 by neighborhood poverty rate.

The dominant emergence of the housing choice voucher program coupled with the decrease in funding for other programs aimed at assisting low-income individuals find housing compounds the importance of evaluating the programs success or failure.² The findings of this thesis take on added importance when put into the general context of understanding concentrated poverty in the U.S.

² Housing choice voucher programs have come to dominate federal housing assistance programs (Goetz 2003); although federal funds support housing development through the Low-Income Housing Tax Credit and the HOME program, supply side programs that provide long-term rent subsidies to guarantee affordability for very low-income households have largely been discontinued.

In Los Angeles, a minimal number of poor households actually receive housing assistance (consistent with national trends). In 2002, a little over 29,000 households received assistance to move to neighborhoods with low concentrations of poverty in Los Angeles.³ Section 8 program participants represent a very small percentage of people living in high-poverty neighborhoods that are receiving financial and other support to increase their mobility. In all likelihood, the locational patterns of Section 8 participants may be tell-tale indicators of larger trends in locational patterns for other persons living in high-poverty neighborhoods. Section 8 participant households represent the best case scenario- those who live in concentrated poverty that receive financial and other support to help them find housing outside of high-poverty neighborhoods.⁴ If, despite the extra assistance they are afforded, Section 8 participant households are having a more difficult time moving out of high-poverty neighborhoods those without assistance or counseling will likely experience even greater difficulties finding housing outside of high-poverty neighborhoods.

³ In 2002 29,234 households received Section 8 Housing Choice Vouchers. About 92,671 persons live within those households (HUD 2003).

⁴ Section 8 participants receive counseling and assistance to move out of high poverty neighborhoods (HUD 2004; Goering, Feins, and Richardson 2002; Turner 1998, Cunningham, Popkin, Godfey, and Bednarz 2001; Turner, Popkin, and Cunningham 1999; Varday, Walker 2003).

II. What causes concentrated poverty? How is the Section 8 Housing Choice Voucher Program designed to Help Deconcentrate Poverty? Does it work?

From 1960 to 1990 poor persons were becoming increasingly concentrated by race and income into ghettos, barrios, and slums.⁶ The effects of concentrated came to the forefront of social science research as academics attempted to understand what was happening in America's central cities. The alarming increase in concentrated poverty piqued the interest of social researchers each of whom studied the determinants of concentrated poverty from various conceptual frameworks. This literature review provides a summary of various causal determinant theories including those that focus on: metropolitan scale economic change, spatial patterning of persons by race and class, neighborhood-effects on individual actions, and governmental policy. I review the major theoretical perspectives on causes of concentrated poverty to illustrate how the Housing Choice Voucher Program was structured to counteract certain effects of concentrated poverty.

Economic Transformation: Metropolitan Scale Economic Changes

Theories of economic change attempt to establish causality between metropolitan scale economic changes and concentrations of poverty. Authors like Kain (1968, 1992), Kasarda (1989, 1993), Jargowsky (1996), and Wilson (1987) discuss the effects of deindustrialization, employment deconcentration, and occupational bifurcation on inner-city neighborhoods. Though there is disagreement as to which of these theories is most helpful in explaining concentrated urban poverty, separately each lends insight into the

⁶ Jargowsky 1993, 2003; Wilson 1987, Petite and Kingsley 2003.

types of metropolitan wide economic changes affecting how and where poverty is concentrated.

In his article, *Urban Industrial Transition and the Urban Underclass*, John Kasarda (1989) argued that as cities' shifted from centers of production to centers of administration and services, the number of blue collar jobs and the number of available jobs for poorly educated residents of inner cities decreased dramatically. He argued that the lower educational attainment and deficient skill levels of inner-city residents excludes them from participating in a changing labor market.

Paul Jargowsky (1996), author of *Poverty and Place*, highlighted that more research was needed to establish causality between deindustrialization and concentrated poverty, stating, "There does not appear to be any relationship between the extent of manufacturing job loss and the size of the increase in neighborhood poverty. . . ." (119). Jargowsky goes on to argue that the earlier emphasis of researchers on the importance of manufacturing job loss may have been misguided, and that there is little evidence to support this theory of concentrated poverty. Nonetheless, Jargowsky does not completely discredit the assertion that deindustrialization may have had disproportionate negative effects on less-educated persons.

A second class of causal theory focuses on the deconcentration of employment, or the spatial mismatch phenomenon. Theories of employment deconcentration and spatial mismatch are similar to those regarding deindustrialization in that they contend that poor inner-city residents are less able to react to changes in the labor market. Employment deconcentration theories attempt to establish links between employment loss in the inner

city (caused by suburbanization) and concentrated poverty. Accordingly, Wilson (1987) argued that losses of large shares of all jobs (or in some formulations, of manufacturing jobs) from inner-cities to suburbs, led to high concentrations of poverty because of the inability of poor inner-city residents to react to the transformation.

John Kain (1968) formulated the spatial mismatch hypothesis in which he argued that the high levels of inner city joblessness were primarily attributable to the loss of manufacturing jobs and discrimination in housing policies which made it more difficult for blacks to move to the suburbs. The agglomeration of individuals unable or unwilling to travel longer distances to work, results in a spatial mismatch between low-income households in the central city and job opportunities in the suburbs. This mismatch leads to joblessness and an over concentration of unemployed persons in the inner-city. In his review of the literature, Jargowsky (1996) critiques the deconcentration theory citing the lack of empirical research, but nevertheless concludes that deconcentration has indeed contributed to increasing neighborhood poverty rates.

Theories regarding occupational bifurcation are the third type of theory focusing on the effects of economic transformation on poor persons. The bifurcation or division of labor into high-wage and low-wage sectors has also been cited as a cause of concentrated poverty. Wilson (1987) argued that the changes in production technologies made many higher paying, highly skilled manufacturing jobs obsolete and therefore, contributed to the creation of a two-tier system of high-wage and low-wage sectors. According to Jargowsky (1996) occupational bifurcation could contribute to concentrated poverty by 1) lowering wages of minority groups, or by 2) increasing income inequality within

minority communities, as some members are able to move up to higher paying sectors and others are confined to lower tier jobs.

The change in the occupational structure caused by production technologies may be considered one of several factors that affect concentrations of poverty. The exact impact that occupational bifurcation has on concentrated poverty may be difficult to ascertain in isolation. Nevertheless, newer more technologically advanced factories in the suburbs may work to compound the effects of income inequality in poor neighborhoods.

Spatial Patterning of Persons by Race and Class

Theories of spatial patterning of persons by race and class attempt to distinguish between the effects economic and racial segregation have on concentrated poverty. The high autocorrelation between race and class makes it very difficult to ascertain which of the two has the most significant impact.

In his seminal work, *The Truly Disadvantaged*, William Julius Wilson (1987) identified economic segregation as one of the key causes of concentrations of ghetto poverty. He argued that reductions in housing discrimination enabled blacks with higher-incomes to leave ghetto neighborhoods, where they perceived that their social capital consumption demands were not being met. As they moved out, they left behind those who could least afford to move to better opportunities. With the out migration of middle- and higher-income residents leaving inner-city neighborhoods, social capital in inner-city neighborhoods declined. Stabilizing forces like churches and other social organizations also moved to the suburbs.

Massey and Denton (1993) criticized Wilson's hypothesis attacking the lack of importance that Wilson placed on racial segregation. In their opinion economic segregation played a far less significant role compared to that of racial discrimination. In their book, *American Apartheid*, they outline how and why racial segregation caused higher concentrations of poverty in inner-city neighborhoods. Jargowsky (1993) contends that racial segregation played a lesser role than Massey and Denton purported because they failed to explain why increases in concentrations of poverty occurred despite reductions in racial segregation between the 1970s and 1990s.

Massey and Fischer (2000) responded to Jargowsky's criticism by arguing that the degree of racial and ethnic segregation can cause differences in the affects of changes in socio-economic structures (Massey and Fischer 2000). Their study concluded that as racial segregation increases, variations in the economic status become more closely correlated to the concentration of poverty a neighborhood experiences. However, it also stated that class segregation plays a more important factor in concentrating poverty when levels of racial segregation are low or moderate. Massey and Fischer point to the mutual dependence of both causal factors and do not concede that racial segregation plays a lesser role than economic segregation. Jargowsky (1996) defends Wilson's position by pointing to evidence that general increases in neighborhood poverty between 1970 and 1990 occurred, while racial segregation declined during the same period. Finally, Jargowsky (1996) argues that, "racial and economic segregation play secondary roles, and their importance varies depending on whether we are examining the levels of ghetto

poverty in 1970, 1980 and 1990 or the changes in ghetto poverty in recent decades” (144).

The Effects of Neighborhoods on Values, Behavior and Future Outcomes

Wilson (1987) introduces a third explanation for concentrated poverty that outlines how neighborhood characteristics affect the values, behavior, and future outcomes of residents. He reviews conservative arguments that individuals growing up in high-poverty neighborhoods are exposed to higher levels of joblessness, teenage pregnancies, out-of-wedlock births, female-headed families, welfare dependency, and serious crime (collectively referred to as social dislocations) and are therefore more likely to enter into the same pattern in the future. Wilson attempts to prove that the dislocations are reduced by positive changes in economic structure of neighborhoods and that social isolation plays a larger role in explaining concentrated poverty than merely attributing dislocations as innate characteristics of the poor.

Wilson argues that the social isolation of individuals, not cultural characteristics, creates constraints and opportunities for individuals living in high-poverty neighborhoods. The limited social networks of ghetto residents, therefore, diminish opportunities for higher paying jobs, reduce the chance of meeting a “marriageable partner”, decrease school involvement, and restricts exposure to positive role models.

Government Policies affecting Concentrations of Poverty

In his recent book, *Clearing the Way*, Edward Goetz (2003) advances theories of how two specific governmental policies have worked in concert to concentrate poverty in the United States. He identifies the Fair Housing Action of 1968 and local housing

policies that encouraged the placement of public housing in poor minority neighborhoods (Goetz 2003).

First, he identifies the use of the Fair Housing Act (FHA) of 1968 as a contributor to the flight of the black middle-class from inner cities bolstering arguments presented by Wilson (1987) in, *The Truly Disadvantaged*. Homeownership assistance programs provided middle-class blacks (and whites) the opportunity to move to new suburbs. Consequently, inner-cities became concentrated with those who were unable to take advantage of new opportunities in the suburbs. Middle-class flight created two key problems. First, the inner-city neighborhoods were left with low social-capital as many of the stabilizing institutions also moved to the suburbs. Second, the FHA loan programs also indirectly facilitated job deconcentration from the inner-city to the suburbs. Ample housing opportunities for employees and cheaper land enticed employers to move to the suburbs. Goetz (2003) claims that the FHA policies essentially subsidized sprawl, suburbanization and urban decay.

Goetz also cites studies concerning the placement of subsidized public housing projects and the limiting effects of the program on the residential choices of low-income minorities. The common perception is that public housing has historically been located in the poorest neighborhoods and thus artificially concentrates poverty because of the income limitations that usually accompany subsidized housing projects.⁷ Many studies argue that the placement of subsidized or assisted housing creates negative spillover effects in neighborhoods such as the devaluation of land, increased crime, and middle

⁷ In this instance subsidizing housing refers to public housing projects.

class flight and eventually lead to further concentrations of poverty (Galster, Tatian, and Smith 1999; Carter, Schill, and Wachter 1998; Holloway et al. 1998; Schill and Wachter 1995; Massey and Kanaiaupuni 1993).

Lance Freeman (2003) challenges some of the perceptions that subsidized housing projects have negative spillover effects and “that assisted housing developments will not typically contribute to concentrations of poverty in surrounding neighborhoods and suggest that much of the negative reaction to assisted housing developments is unwarranted. His statistical models show that the placement of assisted housing projects does not typically contribute to concentrated poverty in neighborhoods surrounding assisted projects. The literature and Freeman do not contest the direct effects of assisted housing developments have on concentrated poverty- because they are targeted to the poor and are spatially compact, almost by definition, assisted housing developments concentrate poverty within a geographically circumscribed area. The historical placement of projects in ethnic and poor neighborhoods makes it difficult to ascertain the degree to which subsidized housing units contribute to neighborhood poverty.

Housing Choice Vouchers Design

Researchers began to understand how and why various economic transformations were concentrating poor people in American inner-cities. Moreover, Wilson’s (1987) work debunked the culture of poverty theories; there was hope that social dislocations could be reduced if poor persons were put in an environment with abundant social capital. These realizations and decisive court decisions intended to combat the placement of public housing projects in minority neighborhoods began to shape housing policy.

Policymakers looked to create demonstration projects to encourage deconcentration of public housing projects (Goering and Feins 2003; Goetz 2003). The court ordered deconcentration of Chicago public housing under the Gautreaux consent decree gave rise to the use of tenant-based Section 8 voucher programs as a means of assisting families move out of racially isolated areas. Early evaluations of the program showed that families, who volunteered to move as part of the Gautreaux Program, experienced increased workforce participation and saw measurable improvements in their children's educational achievement when compared to those that did not move to less racially isolated neighborhoods.⁸

The success of the Gautreaux experiment was the impetus for the creation of the Housing and Community Development Act of 1992. The act was developed to, "assist very low income families with children who reside in public housing or housing receiving project-based assistance under Section 8 of the Housing and Community Development Act of 1973 to move out of areas with high concentrations of persons living in poverty to areas with low concentrations of such persons" (§ 152 of the Housing and Community Development Act of 1992). The Housing Choice Voucher program was designed to address concerns over concentrated poverty. As Briggs (1997) points out, "mobility programs enable low-income, mostly non-white families to leave high-poverty, mostly nonwhite neighborhoods and move to higher-income and often more racially integrated neighborhoods" (196).

⁸ These families self-selected to move out of their neighborhoods.

Realizing that no one causal theory explains wholly how, why, and where concentrations of poverty occur, the creators of the Housing Choice Voucher program aimed to address several of these concerns at once.

First, the Housing Choice Voucher program is designed to counterbalance previous federal policies that caused concentrated poverty. The program shifts away from placed based public housing projects. In so doing, the program diffuses concerns over the historical placement of public housing in predominantly poor minority neighborhoods and also reduces the perceived spillover effect on the surrounding neighborhoods. Turner (1998) highlights that nationally, “only 14.8 percent of certificate and voucher-recipients live in high poverty neighborhoods (greater than 30 percent) and 27.5 percent live in low-poverty neighborhoods (less than 10 percent). In contrast, 53.6 percent of public housing residents live in high-poverty neighborhoods and only 7.5 percent live in low-poverty neighborhoods” (378).

Second, the voucher program also attempts to mitigate regional macroeconomic changes like deindustrialization and suburbanization of employment, by helping residents of low-income neighborhoods “move to opportunities” outside of their neighborhoods. By encouraging residents of high-poverty neighborhoods to relocate to outlying areas, the program is intended to make more jobs accessible to program participants (Briggs 1997; Goering, Feins, and Richardson 2002). The underlying rationale of the program being that an enrichment of the residential alternatives would improve the freedom and well-being of participants in the short term, but also their prospects for economic self-sufficiency in the long term (Galster 1999).

Third, by encouraging program participants to move to mixed income neighborhoods, the program also tries to reduce the negative effects living in high-poverty neighborhoods has on the future outcomes of individuals (Burby and Rohe 1989; Downs 1973; Kain 1968; Rosenbaum 1991, 1995). The program provides participant households the opportunity to tap into the social networks of their new neighborhood. Potential benefits to moving include access to better jobs and schools, reduced fear of crime, and greater residential satisfaction. As was discussed in earlier sections, the success of the Gautreaux experiment implies that by moving to neighborhoods with low poverty rates, program participants experience a decrease in social dislocations.

Finally, the Housing Choice Voucher programs were created to directly challenge race and class segregation. The program encourages participants to move out of high-poverty areas and look for housing in lower-poverty neighborhoods. The structure of the program gives incentives to Public Housing Authorities that successfully place program participants in lower-poverty neighborhoods. Typically, lower poverty neighborhoods also tend to have lower concentrations of racial minorities. Thus, the same incentives are included to address issues of racial segregation. Goering and Feins (2003) conclude that it is possible to successfully operate an economic and racial desegregation program using Section 8 rental assistance and that it is possible to reverse the historical practices of concentrating poor minority households in poor minority neighborhoods.

Do Mobility Program Participants Experience Positive Effects

The preceding paragraphs discuss how theories explaining the causes of concentrated poverty came to shape housing policy, and how the Section 8 Housing

Choice Voucher program was designed to help deconcentrate urban poverty. This section primarily focuses on reviewing studies that ask what effects mobility programs are having on participant households.

The Housing Choice Voucher program was modeled to replicate the effects of the Moving to Opportunity (MTO) and Gautreaux programs. The early findings on the initial MTO demonstration show that participants experience: lower levels of fear that they would be victims of crime, improved health outcomes, higher educational test scores, and lower rates of violent juvenile crime (Goering, *et al.*, 2002).

Goering, Feins, and Richardson (2002) found that those families who self-selected for the program tended to be younger, female-headed, slightly more likely to be African American, slightly poorer, and more likely to receive welfare payments. Studies also found that the Los Angeles MTO Treatment Group (those who moved to lower poverty neighborhoods) experienced a statistically significant decrease in the difference in total crime rate per 100,000 populations in the census tract (Hanratty, *et al.*, 2001, 2003). The same study also found that the MTO Treatment group experienced differences in perceived safety of the current neighborhood.

Mobility programs have also been shown to assist household transition into more affluent neighborhoods. According to Pendall (2000) In 1998, assisted households were more likely to live in tracts that were distressed in 1990 than either the population as a whole or renter households but less so than the average poor renter household. In short, housing vouchers can only work if voucher recipients are able to find landlords willing to rent to them.

Voucher proponents argued that the increased mobility would lead to positive impacts on the participant households' economic outlook. However, Briggs (1997) argues that moving to where jobs are alone, may not lead to increased access to those jobs. Goering, Feins, and Richardson (2002) found no evidence of early effects on wages or employment for households that moved as part of the program. Briggs posits that jobs may not necessarily have moved out to the suburbs and thus a household move to the suburbs may not increase their likelihood of finding a job. In contrast to Briggs and Goering, *et al.*, Varady and Walker's (2003) analysis shows that suburban movers were more likely to find jobs (but not necessarily higher paying ones), and their children had lower drop out rates, and higher likelihood to attend college.

The Goering article concludes that the moving to opportunity programs successfully reverse the trends of historical practices of concentrating poor minority households in poor minority neighborhoods (Goering, Feins, and Richardson 2002). The study also demonstrates that families that moved to lower poverty neighborhoods experienced significant beneficial changes in their lives within two to four years of participation in the program. Overall, these programs have indeed been shown to help families that are able to move into neighborhoods with lower concentrations of poverty. The questions remain, whether or not the program actually increase the number of households that move to areas with low concentrations of poverty and what affects where tenant households move. Subsequent chapters of this thesis answer these questions.

III. What influences Section 8 participant household location patterns?

The literature identifies several variables that influence locational distribution of Section 8 households. They include: lack of supply of affordable units, distrust of deconcentration efforts, tenant choice, limited portability, segregation/discrimination, and fear of neighborhood effects. Ultimately any combination of these push and pull factors determine where individual households locate. The following is an overview of the literature that discusses each influence.

Lack of Supply

The importance of landlord participation in making units available in low-poverty neighborhoods cannot be understated; the success of the program to deconcentrate poverty hinges on the availability of affordable units in neighborhoods with low concentrations of poor persons.

In the 1990s strong economic growth and low mortgage rates led to increased competition for land in most metropolitan areas. Pendall (2000) attributes shrinking supply of affordable units to the combination of increased competition for land and unfavorable tax codes that hinder the development of multifamily housing. Separate studies confirm that the stock of low- and moderate cost rental housing is shrinking, possibly tightening the market for units that rent at or below Fair Market Rents (HUD, 1999; Daskal, 1998)

Furthermore, studies suggest that more affluent suburbs typically use zoning and land use regulations to limit the development of affordable housing; leading to the stock of rental housing units being concentrated in central cities, less affluent neighborhoods and older suburbs (Orfield, 1997).

An additional challenge to scattering participant households across neighborhood types is landlords' unwillingness to make eligible units available to Section 8 participants (Kennedy and Finkel, 1994; Cunningham, Sylvester, and Turner, 1999; Lenz and Coles, 1999). In separate studies researchers found that landlords limited the number of units they made available for Section 8 participants despite similar rent levels and availability (Cunningham, Sylvester, and Turner, 1999; Lenz and Coles, 1999). According to HUD (1999) landlords' unwillingness to participate in the program increases if their property is located in a tight housing market with sufficient demand.

Few incentives exist to encourage those landlords from voluntarily participating in the program, thereby limiting the number of units available in areas with slack rental markets. In a Chicago Housing Authority study, Turner, Popkin and Cunningham (1999) found that few tenants found units owned by landlords who were not already participating in the program. The same study cites the public housing authority's reputations for delays or unreliability in conducting inspections, approving leases, or making payments is likely to have serious problems convincing landlords to accept Section 8 vouchers.

Efforts to close public housing projects under the HOPE VI program also negatively affect supply of affordable units. First, the closure of public housing projects reduces supply of affordable units, because the project is no longer a part of the supply. Second, the closures can also lead to large numbers of displaced public housing families flooding rental markets for lower rate units. If demand for affordable units exceeds supply the rental market tightens, and may not be able to accommodate the increased

demand. Popkin and Cunningham (1999) report that market flooding disproportionately effects larger families (displaced by urban renewal efforts) that require multi-room apartments which are in even shorter supply.⁹

Distrust of Deconcentration Programs

The literature suggests that some residents of inner-city neighborhoods have a general distrust of deconcentration programs.¹⁰ This distrust leads to unwillingness to move out of their neighborhoods.

Public housing residents fear that deconcentration efforts are fueled by racist motives. They perceive deconcentration efforts as a way of clearing their neighborhoods to make room for more affluent residents. Popkin and Cunningham (1999) conducted interviews of Chicago public housing residents where some tenants expressed distrust of deconcentration efforts. Some of the study participants believed that the current policy of public housing demolition, mixed-income development, and poverty deconcentration efforts were a conspiracy on the part of white people to reclaim the central city and push minorities to the suburbs. According to the study voucher recipients may resist or oppose efforts at deconcentration because of their fears about unfamiliar neighborhoods and distrust of the process (Popkin and Cunningham, 1999). Nonetheless, the study argues

⁹ This phenomenon not only makes it difficult for voucher holders to obtain adequate housing, but it also puts a strain on households not receiving assistance.

¹⁰ In recent years legislation has been passed to reduce the negative effects of public housing by demolishing blighted buildings under the HOPE VI Program. Public housing residents receive Section 8 vouchers if the units they live in are within projects slated to be replaced.

that effective counseling and information can help residents overcome the fear and distrust.

Tenant Choice

When the federal government was considering the implementation of voucher programs, proponents of the program touted vouchers would increase tenants' mobility by expanding the number of units they could choose from. Despite the option to move out of high-poverty neighborhoods many program participants choose not to move at all, a fact that program administrators must respect.

According to Popkin and Cunningham (1999) residents' desire to stay close to family, friends, and other social institutions influences their locational distribution. Briggs (1997) suggests that the desire for heterogeneity, dense social ties, and shared norms create social capital in choice neighborhood (despite poverty levels).

In their study on Alameda County mobility, Varady and Walker (2003) found that three-fourths of non-movers did not even look for another place to live. Of those households three-fifths said familiarity with their neighborhood made them want to stay. Of those that moved to the suburbs and then moved back to the inner-city more than half cited positive aspects of their new neighborhood as the reason to return to the inner-city. Specifically, 25 percent said the housing was cheaper in the inner city, while 29 percent said they moved to be closer to family (Varady and Walker 2003).

Limited Portability

The Housing Choice Voucher programs were designed with built in portability. Portability essentially allows a tenant to move out of the jurisdiction that issued the

voucher certificate thereby increasing the universe of affordable units available to them. In 1990, Congress expanded the portability of vouchers to allow tenants to move to any jurisdiction in within the State of the issuing housing authority.¹¹ Nonetheless, in 1991, only 3 percent of Section 8 vouchers had been ported across jurisdictional boundaries (Polikoff, 1997). What led to such dismal results?

Feins (1997) argues that portability is burdensome for families and housing authorities. Because each housing authority administers their Section 8 program, differences in management and processes may dissuade voucher holders from crossing jurisdictions. Pope (1995) found that the majority of voucher recipients did not switch jurisdictions, despite the opportunity of portability, and those that did, went to neighboring jurisdiction.

In Washington D.C., a study conducted by Cunningham, Sylvester, and Turner (1999) showed that the majority of voucher recipients moved, while one in four leased in place. More than one-third of those that moved relocated to areas less than two-and-a-half miles from their original neighborhood.

Varady and Walker's (2003) study show that the Oakland, Berkeley and Alameda County Housing Authorities were successful in having program participants move to the suburbs. They attributed the successful voucher portability to the spirit of cooperation between leaders of the housing authorities. The authors also suggest that the tight bay

¹¹ If I received a voucher in Los Angeles County and found an affordable unit in Alameda County, I would be allowed to move and use the voucher. In 1992, requirement were added that mandated that a recipient live in the issuing jurisdiction for at least 12 months before moving (Goetz 2003).

area housing market (in the inner-city), availability of affordable housing in Hayward and San Leandro, and racial tolerance helped encourage moves to suburbs. Nonetheless, the literature suggests that participant households seldom take advantage of the portability feature built in to the program.

Segregation and Discrimination

Persistent discrimination, racism, and stereotyping make it difficult for participant households to find housing in lower poverty neighborhoods. Whether real or perceived, racism can dissuade participant households from searching in neighborhoods with lower minority concentrations.

Fear of discrimination stifles deconcentration efforts. Program participants often fear that they will encounter more discrimination if they move out of their neighborhoods into higher income, typically white neighborhoods (Turner, Popkin, and Cunningham 2003). Studies in Alameda County, California, conducted by Varady and Walker (2003) found that there was no evidence that suburban-bound movers were more likely to perceive difficulties in the housing search or to be more dissatisfied with the housing search when other characteristics were held constant (pg, 196). How much discrimination really happens?

Several studies found that housing market discrimination persists at very high levels in rental housing markets nationwide (Turner, Stuyk, and Yinger, 1991; Yinger, 1998). Research suggests that even after controlling for socioeconomic status, minorities are less likely than whites to move to predominantly white neighborhoods and more likely to move to minority or racially mixed neighborhoods (Stearns and Logan, 1986;

South and Crowder, 1998 cited in Turner, Popkin, and Cunningham 1999). In addition, in most metropolitan areas, poor whites are widely dispersed whereas minorities are far more likely to be geographically concentrated (Jargowsky 1996; Turner and Hayes 1997, McConville and Ong 2004).

Though originally conceived to reduce the systemic placement of assisted housing in poor neighborhoods, research suggests that vouchers may be replicating history, albeit to a lesser degree. Galster, Tatian, and Smith (1999) found that section 8 sites were systemically located in the lowest-valued or slowest-appreciating sectors of any given census tract (Galster, Tatian, Smith 1999). Divine, Gray, Rubin, and Taghavi (2003) report that in the year 2000 the Los Angeles-Long Beach metropolitan statistical area contained approximately 1.4 million occupied housing units. Of those about 40% or about 588,000 were considered to be affordable units.¹² Approximately 38,000 units were qualified housing choice voucher units; signifying that only about 6% of all the affordable units in the Los Angeles metropolitan area were being used in the Section 8 Housing Choice Voucher program (Divine *et al.*, 2003). In spite of the low percentage of total units being used in the program, the units were spread throughout 80% of the 1,600 census tracts within the Los Angeles-Long Beach MSA, proving that the tenant-based HCV is far more dispersed than either public housing (present in less than 3% of tracts) and project-based Section 8 support (present in 21% of tracts).

In addition to race based discrimination, public housing residents face additional challenges when transitioning into the rental market vis-à-vis the Section 8 program.

¹² Devine, Gray, Rubin, and Taghavi define affordable housing as units that have rents set at or below the metropolitan area Fair Market Rents.

Popkin and Cunningham (1999) found that public housing households with young teenage children were perceived as undesirable and that landlords had been found to reject households on that basis. Two studies have shown that even those landlords that regularly participate in Section 8 programs are reluctant to rent to public housing residents (Popkin and Cunningham, 1999; Lenz and Coles, 1999). Beck (1996) argues that Section 8 is becoming new and socially acceptable way to discriminate.

Neighborhood Health

The expansion of the Section 8 program, and its promotion of greater mobility for poor minorities, has led to increased concerns about neighborhood health in receiving neighborhoods. Property owners in and in close proximity to neighborhoods with substantial influxes of Section 8 participants worry about the behavior of both the Section 8 participants and the landlords who participate in the program.

Often, receiving neighborhoods perceive that the arrival of Section 8 participants will increase crime rates, bring drugs, or gangs into the neighborhood (Popkin, Turner, and Cunningham 2003). The literature suggests that these concerns may actually be more closely related to perception (prejudices) than reality.

Overall, the literature has shown an inconclusive relationship between increasing crime rates in neighborhoods the experience growths in the number of Section 8 participants residing within them (Galster and Zobel, 1998). Nonetheless, the negative perceptions associated with Section 8 participants can likely be attributed to persisting effects of racial prejudice.

The second concern neighboring land owners focus on how participation in the Section 8 program will change the participant landlords' actions. Specifically, the fear is

that landlords may contribute to negative perceptions of the Section 8 program by not enforcing the rules of the program in a timely manner and allowing problem tenants to create serious problems in their neighborhoods. Neighboring property owners fear this will lead to unruliness and crime. Neighbors also fear those landlords that accept Section 8 vouchers may reduce the upkeep of the property, thereby decreasing property values in the neighborhood (Turner, Popkin, and Cunningham 2003; Galster, Tatian, and Smith 1999). Galster, Tatian, and Smith conducted focus groups with property owners where they attributed decline in property values to: lack of physical upkeep, decline in safety, and questionable resident values. Nonetheless, research also indicates that landlord participation in Section 8 programs can stabilize the housing stock and potentially increase property values (Galster, *et al.*, 1999; Schwartz, 1998).

Studies found that neighborhood impact was complex, and mixed, depending on neighborhood type, distance, and the number of nearby Section 8 sites and occupied units. Lyons and Loveridge (1993) found that it was difficult to distinguish the direction and causation between trends in neighborhoods and the siting of assisted housing.

Galster, Tatian and Smith (1999) found that in low-valued or moderately valued census tracts experiencing real declines in property values since 1990, Section 8 sites and units located in high densities had a substantial adverse effect on price within 2,000 feet, with the affect attenuated past 500 feet. Ironically, they also found that if only a few Section 8 sites were located within 500 ft, the Section 8 units had a strong positive impact on property values in higher-valued, real-appreciation, predominantly white census tracts.

They attributed the rise in property values to the improvements landlords made to the structure in order to participate in the program.

The actions of Landlords can also affect non-Section 8 low-income tenants. In neighborhoods with slack markets, landlords have used Section 8 vouchers to obtain rents that they could not otherwise obtain in the regular market. Pollock and Rutkowski (1998) found that landlords exploit the system to obtain higher rental incomes. They found that the manner in which the Fair Market Rent value was assessed allowed for some property owners to charge higher rents than unsubsidized renters were willing to pay for the same unit. Non-participant households were thus unable to rent those units at lower prices; despite the fact the market did not support the rents landlords were charging for the units.

Conclusions

The literature suggests there are several variables that affect locational distribution of Section 8 households. Mobility programs have shown that deconcentration efforts can enhance the personal and economic outlook of participant households. The success of mobility programs hinge on availability of affordable units (the degree to which the vouchers allow them to compete in the market) and prejudice/discrimination based on race.

IV. The Research Question and Methodology

In the preceding chapters I outlined the theories of concentrated poverty, illustrated how they shaped housing policy in the U.S., and described what variables affect participant household locational distribution. In this section I state the research questions, identify the units of analysis, describe the methodology I employed, and enumerate the variables being examined.

The Research Questions

The Housing Choice Voucher program was designed to help deconcentrate poverty in the U.S. This thesis is an evaluation of whether the Section 8 Housing Choice Voucher program has increased tenant mobility in Los Angeles. In particular I attempt to answer the following questions:

- 1) How and where were Section 8 households distributed in 1997?
- 2) How and where were Section 8 households distributed in 2002?
- 3) How has that distribution changed from 1997 to 2002?
- 4) Does ethnicity affect changes in locational distribution?

To answer these questions I compared whether Section 8 participant households have become more or less concentrated in high poverty neighborhoods and whether race affects the locational distribution outcomes of participant households.¹³

¹³ I am particularly interested in assessing whether participant households became more concentrated in high-poverty neighborhoods. The literature identifies several nomenclatures to describe the neighborhood poverty rates. Jargwosky (2003) defines “high-poverty” neighborhoods as census tracts with poverty rates of 40 percent or more. McConville and Ong (2003) refer to these neighborhoods as “very-poor neighborhoods while Kingsley and Petit (2003) refer to these neighborhoods as “extreme-poverty neighborhoods.” This thesis will use all three interchangeably, to refer to neighborhoods with poverty concentrations equal to or greater than 40%. The other categories include: affluent, low-poverty and poor neighborhoods. Further description of these categories will be provided below.

I hypothesize that there will be no change in the locational distribution of Section 8 voucher participants between 1997 and 2002 across the four different neighborhood types.

If the concentration of participant households in neighborhoods with low poverty rates increased, I will conclude that the program successfully increased tenant mobility in Los Angeles. If the concentration of participant households in neighborhoods with high poverty rates increased, I will conclude that the program failed to increase tenant mobility in Los Angeles.

The literature suggests that race and ethnicity may have negative effects on the locational distribution of Section 8 voucher participants (Turner, Popkin, and Cunningham 2003; Turner, Stuyk, and Yinger, 1991; Yinger, 1998).¹⁴ I hypothesize that race that race and ethnicity affect locational distribution. I intend to measure the degree to which race and ethnicity affects locational distribution in Los Angeles.

Unit of Analysis

The primary units of analysis for this project are Section 8 participant households. The participant households' ethnicity is of special interest for this research. All data on the participant households were provided to the Department of Housing and Urban Development by local housing authorities participating in the Section 8 Housing Choice Voucher program.¹⁵

¹⁴ Data of household ethnicity was in to four categories: African-American, Hispanic, Non-Hispanic White and Other. I prefer to categorize the households into: Black, Latino, White, and Other households.

¹⁵ These data were provided to the author by Professor Paul Ong of the UCLA, Ralph and Goldy Lewis Center for Regional Policy Studies.

Census tracts are a secondary unit of analysis. Census tracts are classified by their neighborhood poverty rate (NPR). Generally, the neighborhood poverty rate is the number of persons that reside within a specific census tract that are living at or below the federally established poverty line (FPL). For the purposes of this thesis, I will use four categories generally accepted in the literature on concentrated poverty: very-poor, poor, low-poverty, and affluent.¹⁶

Very-poor neighborhoods are those areas in which 40 percent or more of the residents live in poverty. Poor neighborhoods are classified as those areas where 30 to 39 percent of the residents earn less than a poverty wage. Census tracts with neighborhood poverty rates between 10 and 19 percent are considered very-low poverty neighborhoods. Affluent neighborhoods are those with fewer than 10 percent of the residents earning incomes below the federal poverty line.

Methodologies

Using data collected by the United States Department of Housing and Urban Development from local housing authorities, I will determine the spatial distribution of Section 8 participant house holds for Los Angeles County for 1995 and 2002. The analysis includes descriptive statistics on how Section 8 households were distributed from 1997 to 2002. Chi-square tests analyze how locational distribution has changed over time. The Chi-square test is also employed to explore whether or not ethnicity affects locational distribution of program participants.

¹⁶ While there is debate about the arbitrary nature of both the NPR categories and the federal poverty line, these are the standard measurements and categories used by social researchers. I acknowledge the limitations this may have on the analysis. Nonetheless, they provided an accepted way in which to conduct the analysis.

Because changes in the rental market can profoundly affect the locational choices of Section 8 participants I will also conduct an analysis of 1) the supply of affordable units and 2) the value of the voucher changes according to real market rents.

The analysis of the supply of affordable units in Los Angeles County looks at rents and unit type. I attempt to determine whether or not there has been a growing spatial divergence in rents throughout the region. I analyze the 1990 and 2000 tract-level data to examine spatial rent patterns and changes in those patterns over time. Increasing disparities in rental rates would lead to greater concentrations of Section 8 participants in lower-income neighborhoods.

Secondly, there is a concern over the possible divergence between fair market rent (FMR) used to determine the size of the subsidies and the “real market” rents (observed rents). If the FMR does not keep up with observed market rents, the purchasing power of the subsidy decreases forcing some participants to seek units with lower rents in higher poverty areas.

This analysis will be conducted using data from Real Facts Southern California, a private firm that monitors real estate markets in Southern California, and the 2002 random digit dial (RDD) telephone surveys of rents conducted by HUD which they use to establish the fair market rate of the area.

Divergence between fair market rents and prevailing rents or geographic variation in changes in rents overtime should affect residential patterns of Section 8 participants. Lags or increases in the declared fair market rent should have corresponding market responses. Lagging FMR would create fewer low-rent opportunities and restrict choice

of participant households. I will use data aggregated to census tract level to track the spatial variation of rents.

Variables

The list below names and describes the variables used in this thesis. Table 1, consists of data gathered by the U.S. Census Bureau in the decennial census of 1990 and 2000. Table 2, includes variables that were compiled by local housing authorities and submitted to HUD as part of annual reviews.

Table 1: Variables obtained from U.S. Census Bureau

Neighborhood Poverty Rate 1990 (NPR90): Percent of people living below Federal Poverty Line in 1990
Neighborhood Poverty Rate 2000 (NPR00): Percent of people living below Federal Poverty Line in 2000
Tract Total Households 1990 (TTH 1990): Total number of households in each census tract in 1990
Tract Total Households 2000 (TTH 2000): Total number of households in each census tract in 2000
Median Gross Rent 1990 (MGR90): Median gross rent for specified renter-occupied housing units paying cash rent in 1990
Median Gross Rent 2000 (MGR00): Median gross rent for specified renter-occupied housing units paying cash rent in 2000
Neighborhood Ethnicity (NE90): Ethnicity of dominant group in the census tract
Neighborhood Ethnicity (NE00): Ethnicity of dominant group in the census tract

(Source: Data obtained from US Census Bureau 2000)

Table 2: Variables obtained from U.S. Department of Housing and Urban Development

Total Participant Household 1997 (TPH97): Total Section 8 participants households in 1997
Total Persons 1997 (TP97): Total Section 8 participants in (Persons) in 1997
Black Participant Households 1997 (BPH97): Number of Black households receiving Section 8 Vouchers in 1997
Latino Participant Households 1997 (LPH97): Number of Hispanic households receiving Section 8 Vouchers in 1997
White Participant Households 1997 (WPH97): Number of White households receiving Section 8 Vouchers in 1997
"Other" Participant Households 1997 (OPH97): Number of 'Other' households receiving Section 8 Vouchers in 1997
Total Participant Households 2002 (TPH02): Total Section 8 participants (households) in 2002
Total Persons 2002 (TP02): Total Section 8 participants (Persons) in 2002
Black Participant Households 2002 (BPH02): Number of Black households receiving Section 8 Vouchers in 2002
Latino Participant Households 2002 (LPH02): Number of Hispanic households receiving Section 8 Vouchers in 2002
White Participant Households 2002 (WPH02): Number of White households receiving Section 8 Vouchers in 2002
"Other" Participant Households 2002 (OPH02): Number of 'Other' households receiving Section 8 Vouchers in 2002
Stayers (STAY): Participant households that were in the program in 1997 and stayed
Leavers (LEV): Participant households that were in the program in 1997 and left before 2002
New Participant Households (NPH): Households new to the program in 2002

(Source: Data obtained from HUD 2004)

V. Section 8 Locational Patterns in Los Angeles

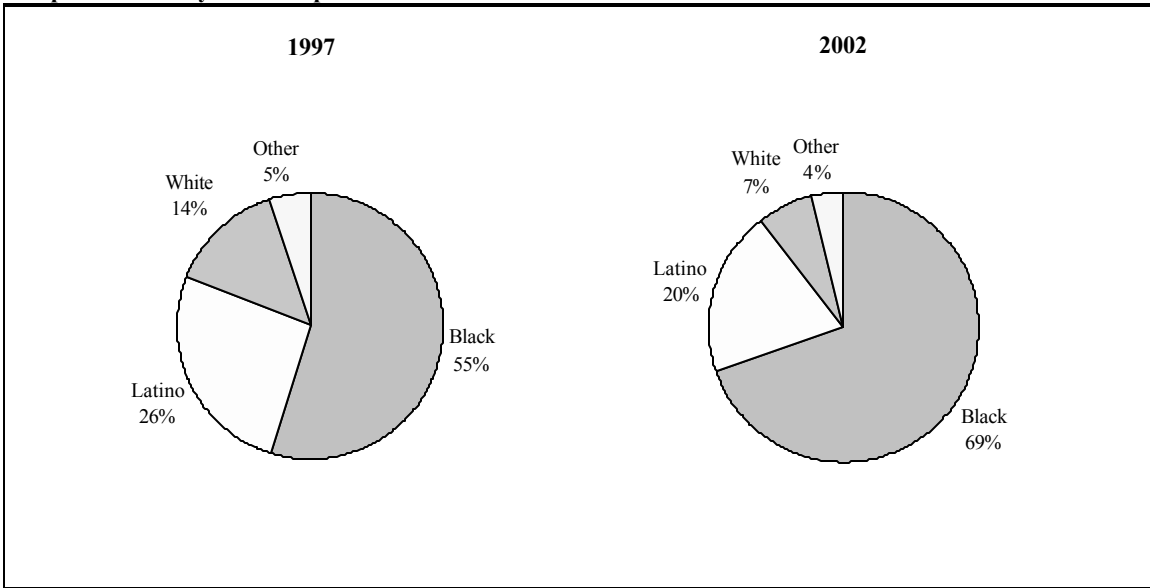
This chapter is dedicated to exploring: 1) who the Section 8 participants are 2) where they live, 3) how their locational patterns actually changed between 1997 and 2002, 4) whether the participant households' ethnicity affected locational distribution, 5) how supply affects locational distribution.

Who are Los Angeles Section 8 Participants?

The first question to consider in this analysis is who the Section 8 participants are. In 1997, there were a 31,211 participant households by 2002, the number of participant households had decreased to 29,234 households. In persons, the program gave aide to 104,408 persons in 1997 compared to only 92,671 in 2002. During the five year time period the program reduced 6 percent of the participant households receiving aid. Approximately 1,977 participant households stopped receiving aid. In persons the loss equates to an 11 percent decrease, or about 11,700 less persons receiving housing assistance.

The loss in participant households may be attributed to two factors: 1) Less overall funding for voucher programs from the Federal government may have led to reduction in the program size, and 2) Program costs may have increased in Los Angeles leading to a proportional decrease in the number of households for whom vouchers were available.

Graph 1. Ethnicity of Participant Households



(Source: HUD 2004)

The ethnic composition of participant households changed dramatically between 1997 and 2002. In 1997 one out of two households was Black. That year, Latino households comprised of 26 percent of program participants while less than 14 percent of the participant households were White. By 2002, close to 70 percent of participant households were Black. Latino households constituted 20 percent of program participants that year. Meanwhile White households decreased to less than 7 percent participation in the program by 2002.

The increased participation of Black households is encouraging because it points to the program's responsiveness to the needs of Los Angeles' Black community. Nonetheless, more needs to be understood about why Los Angeles' Black community experiences such great need. The decrease in Latino household participation is puzzling, considering that the 2000 U.S. Census reported that 45 percent of Los Angeles County residents were of Latino decent. However, these findings are consistent with findings

published by Pendall (2000) in which 40 percent of households with vouchers were headed by Blacks, and 15 percent by Latinos. Future research should be conducted to ascertain why Latino participation decreased in the Section 8 program in Los Angeles.

In What Type of Neighborhoods did Participant Households Live?

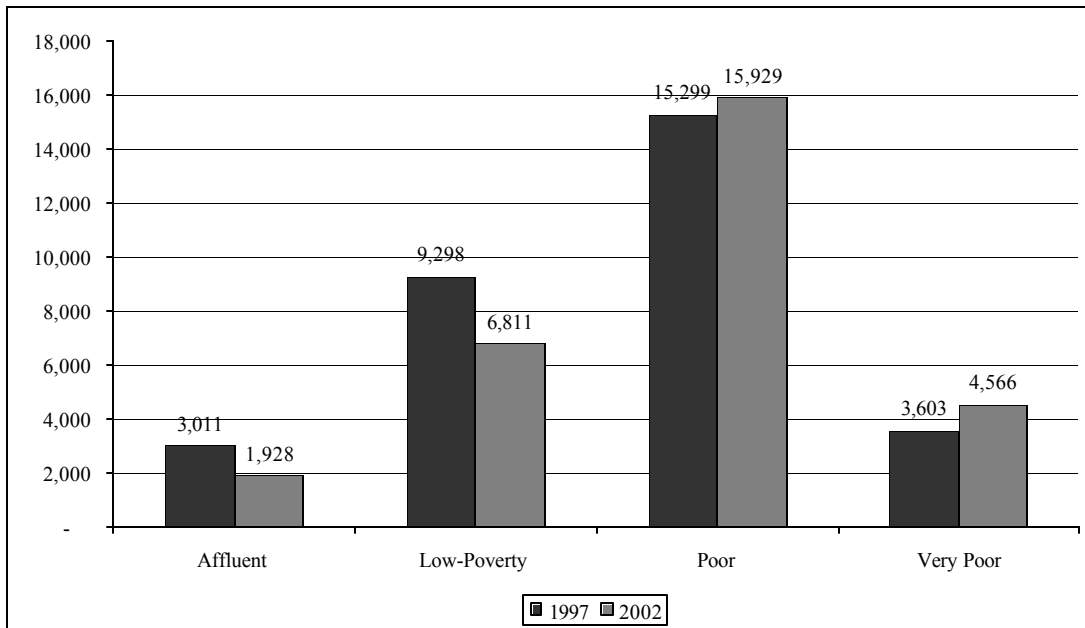
The purpose of deconcentration programs like the Section 8 Housing Choice Voucher program is to distribute poor persons throughout the different types of neighborhoods to reduce concentrated poverty. The objective of this thesis is to assess whether or not the Section 8 housing program increased tenant mobility.

Earlier chapters of this thesis discussed the accepted classification for neighborhood poverty. To review, very-poor neighborhoods are those in which 40 percent or more of the residents live below the poverty line. Poor neighborhoods have between 20 percent and 39 percent of the residents living below the poverty line. While in low-poverty neighborhoods between 10 percent and 20 percent of the residents live in poverty. Neighborhoods with less than 9 percent of people living in poverty are labeled as affluent neighborhoods. To assess the success of the voucher program we need to see where and in what type of neighborhoods Section 8 participant households were distributed in 1997 and 2002. If the program helped increase tenant mobility we would expect that more participant households would be distributed in low-poverty and affluent neighborhoods in 2002 than where located in those types of neighborhoods in 1997.

In both 1997 and 2002 close to 50 percent of participant households lived in poor neighborhoods, 49 percent and 54 percent respectively. In 1997, 11 percent of participant households were located in very poor neighborhoods, while less than 10 percent were

situated in affluent neighborhoods. By 2002, only 6.5 percent of program participants lived in affluent neighborhoods, while the proportion of participant households living in very-poor neighborhoods increased to approximately 15 percent. Between 20 percent and 30 percent of program participants lived in low-poverty neighborhoods in both years.

Graph 2. Participant Household Distribution by Neighborhood Poverty Rate



(Source: HUD 2004)

Between 1997 and 2002, affluent and low-poverty neighborhoods lost close to 3,500 participants households. A full 36 percent of the Section 8 households living in neighborhoods with less than 10 percent poverty rates were lost, leaving less than 2,000 households living in affluent neighborhoods. In low-poverty neighborhoods there was a loss of nearly 2,500 households, or a 27 percent decrease in program participation.

Table 3: Changes in Section 8 Household Locational Distribution by Neighborhood Poverty Rate

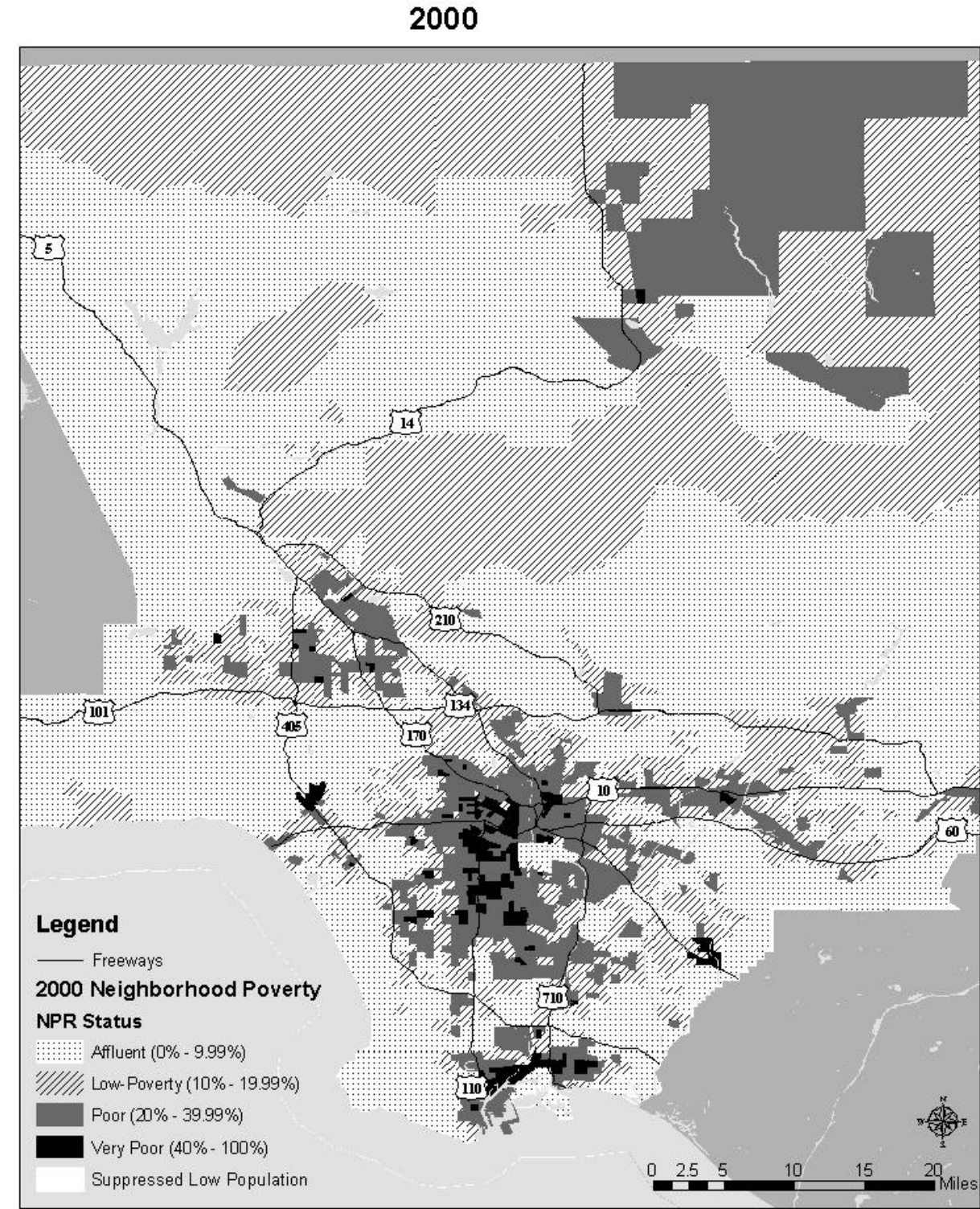
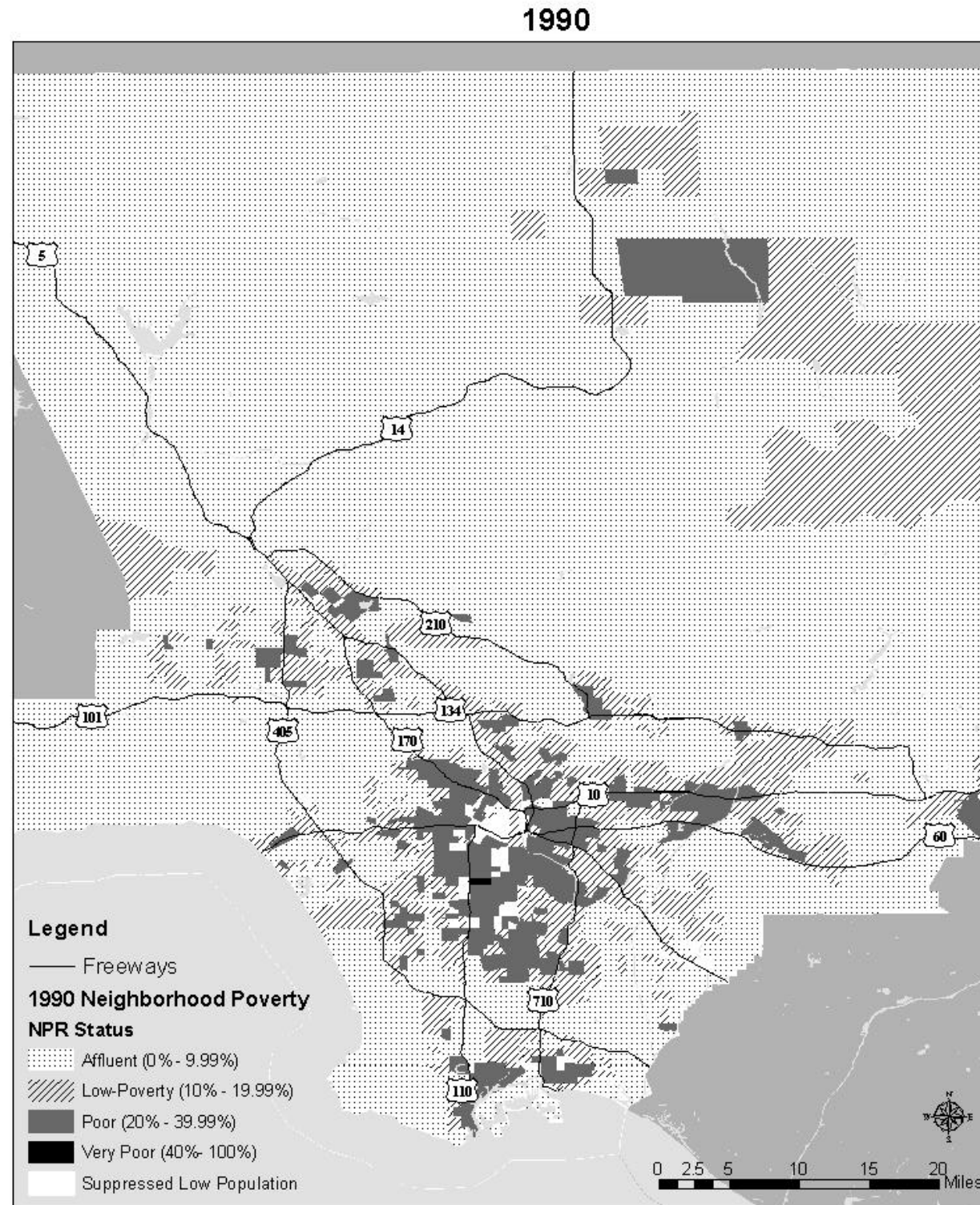
Neighborhood Poverty Rate	1997	2002	Net Change	% Change
Affluent (0.0 to 9.99)	3,011	1,928	(1,083)	-36%
Low-Poverty (10.0 to 19.99)	9,298	6,811	(2,487)	-27%
Poor (20.0 to 39.99)	15,299	15,929	630	4%
Very Poor (40.0 to 100)	3,603	4,566	963	27%
Total	31,211	29,234	(1,977)	-6%

(Source: Data obtained from HUD 2004)

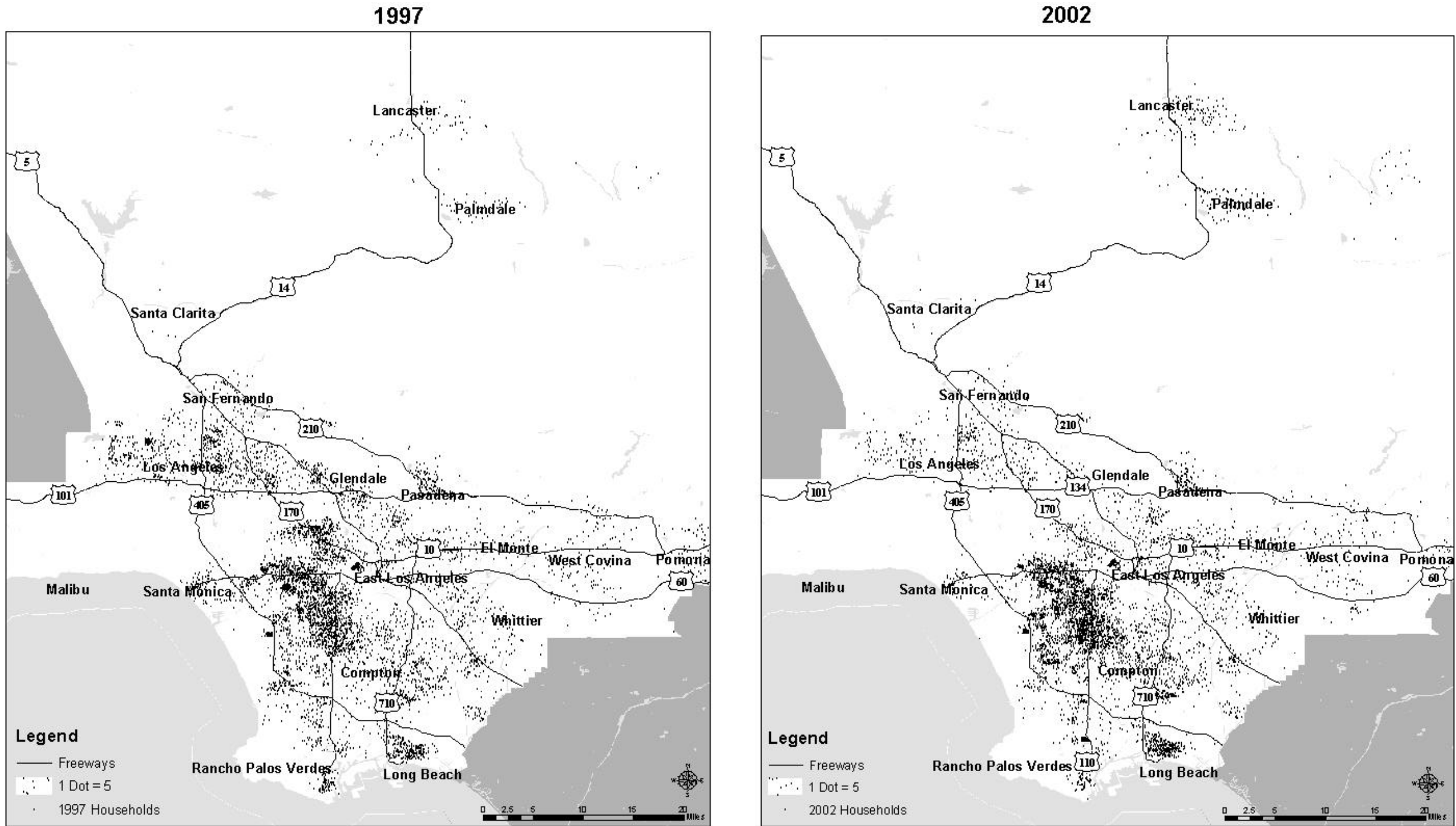
Conversely, both poor and very poor neighborhoods experienced increases in the numbers of participant households residing in them between 1997 and 2002. Poor neighborhoods added 630 participant households, an increase of 4 percent. Meanwhile, very-poor neighborhoods experienced an alarming 27 percent increase in the number of households locating within their boundaries, adding nearly 1,000 participant households. Graph 2 and Table 3 suggest that many of the program participants are living in poor and very poor neighborhoods. The literature review discussed the dangers that clustering of Section 8 households pose on neighborhood health. In particular, Galster, Tatian, and Smith's (1999) research suggest that there may be a threshold or tipping point after which the location of Section 8 units may negatively affect property values in vulnerable neighborhoods.

Map 1 illustrates the changes in neighborhood poverty status from 1990 and 2000 based on information gathered by the U.S. Census Bureau. Map 2 on the following page shows the geographic distribution of Section 8 participant households in 1997 and 2002. Several trends emerge from these maps.

Map 1: Changes in Neighborhood Poverty Rate in Los Angeles County between 1990 and 2000



Map 2: Distribution of Section 8 Participant Households in Los Angeles County in 1997 and 2002



Map 1 confirms trends previously identified by McConville and Ong (2003) that indicate the poverty (in general) has become increasingly concentrated in the last decade. The map shows that poverty became concentrated in the central city of Los Angeles. However, it also shows that poverty was suburbanized. Lancaster, Palmdale, the San Fernando and San Gabriel valleys the Long Beach-San Pedro area all experienced higher concentrations of poor persons.

The maps illustrate that the Section 8 program did not in fact increase tenant mobility in Los Angeles County. Aside from the visible reductions in program participants, it appears that Section 8 households experienced significant levels of clustering into poor and very-poor neighborhoods.

The most significant change occurred in Central Los Angeles, where concentrations of Section 8 households increased dramatically. Areas like Inglewood, Hawthorne and other parts of the central city received an influx of Section 8 participant households. Participant households also increased in Lancaster and Palmdale. Not surprisingly, those areas experienced increased concentrations of poor persons as can be seen on Map 1.

Meanwhile the western region of the county including Santa Monica and the San Fernando Valley experienced reductions in the number of participant households. The most noticeable decreases in participant households occurred in the North Hollywood area along the 170 freeway and in the San Fernando Valley along Highway 101. These losses are likely attributable to loss of supply of affordable units which may have been linked to tight housing markets in those areas.

Where did New Participant Households Locate?

Table 4: Distribution of Leavers and New Program Participants by Neighborhood Poverty Rate

	Affluent	Low-Poverty	Poor	Very-Poor	Total
Leavers (1997)	2,158	6,238	9,777	2,296	20,469
Leavers (%)	11%	30%	48%	11%	100%
New Households (2002)	1,075	3,751	10,407	3,259	18,492
New Households (%)	6%	20%	56%	18%	100%

(Source: Data obtained from HUD 2004)

The information provided by HUD identified two different types of households: leavers and new households. Leavers were identified as households that participated in the program in 1997 and stopped participating in the program by 2002. New households are households that were not participating in the program in 1997 but had been added in 2002. One would expect that if Section 8 program was successfully increasing mobility of participant households, that more new households would be added in affluent and low-poverty neighborhoods.

Data on the program participants does not indicate that new households were more likely to locate in affluent and low-poverty neighborhoods. In fact, data indicate that more than one out of two new participant household located in poor neighborhoods and that close to one out of five new households located in very-poor neighborhoods. A dismal 6 percent of new participant households in 2002 found units in affluent neighborhoods. This is despite losses of participant households of equal proportions in affluent and very-poor neighborhoods.

If 2,158 households from affluent neighborhoods left the program in 1997, and only 1,075 new households located there in 2002, the change signifies that either: 1)

1,083 housing units became unaffordable, 2) landlords decided to withhold 1,083 housing units (despite qualifying as affordable units), or 3) any combination of the two occurred. Nonetheless, the supply of affordable units in affluent neighborhoods decreased. Meanwhile, in very-poor neighborhoods 2,296 participant households left or about 11 percent of the participant households. Unlike in affluent neighborhoods, very-poor neighborhoods had enough affordable units to accommodate 3,259 new participant households in 2002.

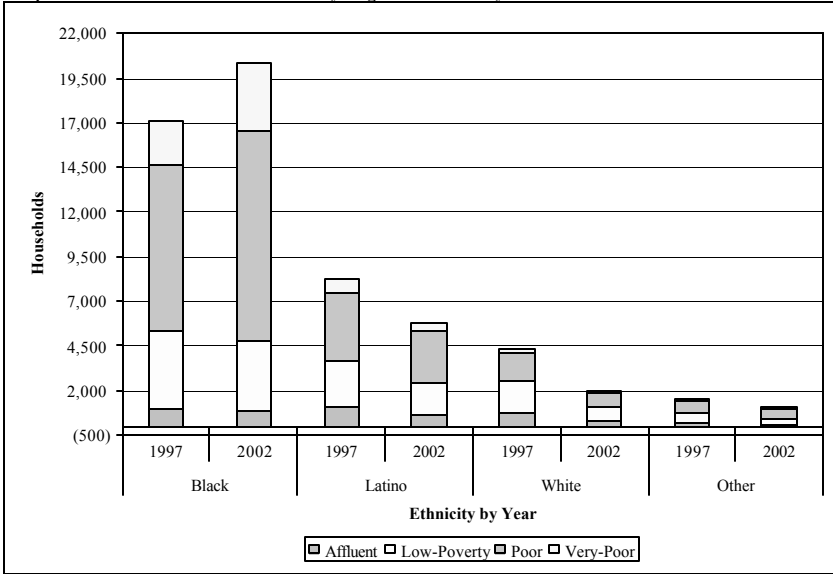
Data confirm the participant households have encountered increasing difficulty in trying to find affordable units in lower poverty neighborhoods. The following sections explore whether mobility trends were affected by the household's ethnicity, and how the supply of affordable units may have led to the clustering of Section 8 participant households discussed above.

Did Ethnicity Affect Locational Distribution of Section 8 Participant Households?

Despite efforts to deconcentrate poor families, HUD data indicate that it is becoming increasingly difficult for participant households to find housing units in low-poverty and affluent neighborhoods. The literature on Section 8 locational patterns identifies racial discrimination as a cause of the unwanted clustering effect. This section explores whether or not there are any differences in spatial distribution for minority participant households. This analysis is intended to help the reader understand the general locational distribution of the regions Section 8 households by ethnicity, and to provide groundwork for future research. Graphs 4 and 6 on page 43 and Table 6 on page 44 show the ethnic distribution of participant households by neighborhood poverty rate.

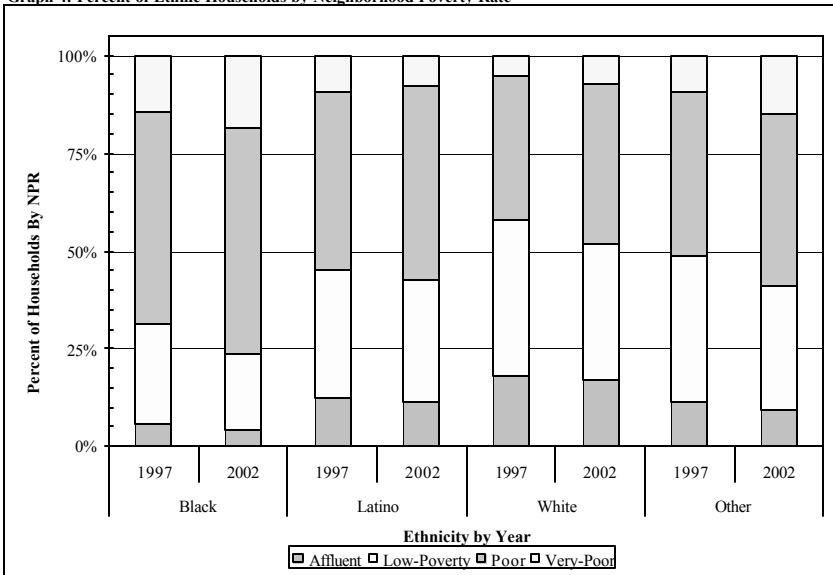
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Graph 3: Distribution of Ethnic Households by Neighborhood Poverty Rate



(Source: HUD 2004)

Graph 4: Percent of Ethnic Households by Neighborhood Poverty Rate



(Source: HUD 2004)

Table 5: Ethnic Composition of Neighborhood by Neighborhood Poverty Rate

Affluent					Low-Poverty				
	1997	2002	Net Change	% Change		1997	2002	Net Change	% Change
Black	1,016	845	(171)	-17%	Black	4,335	3,944	(391)	-9%
Latino	1,026	647	(379)	-37%	Latino	2,668	1,824	(844)	-32%
White	792	334	(458)	-58%	White	1,714	692	(1,022)	-60%
Other	177	102	(75)	-42%	Other	581	351	(230)	-40%
Total	3,011	1,928	(1,083)	-36%	Total	9,298	6,811	(2,487)	-27%

Poor					Very-Poor				
	1997	2002	Net Change	% Change		1997	2002	Net Change	% Change
Black	9,257	11,768	2,511	27%	Black	2,481	3,794	1,313	53%
Latino	3,773	2,858	(915)	-24%	Latino	754	461	(293)	-39%
White	1,603	810	(793)	-49%	White	223	146	(77)	-35%
Other	657	483	(174)	-26%	Other	145	165	20	14%
Total	15,290	15,919	629	4%	Total	3,603	4,566	963	27%

(HUD 2004)

Unlike Varady and Walker’s (2003) study of Alameda County where the researchers concluded that racial discrimination did not affect locational distribution, in Los Angeles County the data indicate that discrimination does affect locational distribution of participant households. The findings suggest that Black participant households experience the greatest amount of clustering in very-poor neighborhoods. Latinos also seem to experience clustering, however those households then to cluster in poor and low-poverty neighborhoods. Meanwhile, White and Other households seem to be normally distributed across the neighborhood types both in 1997 and 2002.¹⁷

Black households constituted 54 percent of all participant households in 1997, 68 percent of those households lived in poor or very-poor neighborhoods. Less than 6 percent of participant Black households lived in affluent neighborhoods that year.

By 2002, Black households constituted close to 70 percent of all participant households. Black households were the least likely to live in affluent and low-poverty

¹⁷ The changes in distribution may also be related to the economic status of the ethnic groups in Los Angeles County or to the increased economic segregation neighborhoods in Los Angeles experienced in the last decade (Ong, Spencer, Zonta, Nelson, Miller, and Heintz-Mackoff 2003).

neighborhoods. In fact, by 2002 only 23 percent of Black participant households lived in affluent and low-poverty neighborhoods, or roughly 4,700 of the over 20,000 Black participant households. Between 1997 and 2002 there was a 53 percent net increase in the number of African American households living in very poor neighborhoods, an addition of 1,313 households.

Latino households did not fare as poorly as Black households. One in four of 1997 participant households in 1997 were of Latino descent. Of those, only 9 percent lived in very-poor neighborhoods. While more than 45 percent lived in poor neighborhoods, 32 percent of participant Latino households lived in low-poverty neighborhoods.

Between 1997 and 2002, the participation rate of Latino households fell by more than 29 percent.¹⁸ Despite the significant drop in participation of Latino households, their locational distribution remained largely unchanged. Close to half of the Latino participant households lived in poor neighborhoods. The second largest cluster of Latino participant households lived in low-poverty tracts. In both affluent and very-poor neighborhoods Latino participation was less than 10 percent.

The participation of White households in the program was little less than 14 percent in 1997. By 2002 that number had decreased to less than 7 percent of program participants. Despite their low participation rates in 1997, White households represented 26 percent of all participant households living in affluent neighborhoods, the equivalent

¹⁸ Given the large proportion of Latinos living in Los Angeles County, one would not have expected their participation rates to drop so dramatically. This may be attributable to immigration status or related problems.

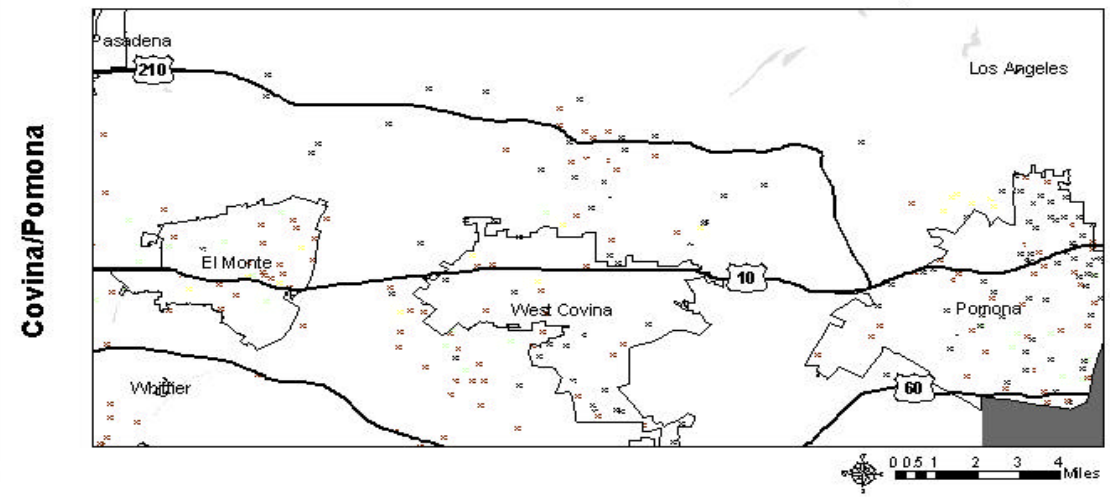
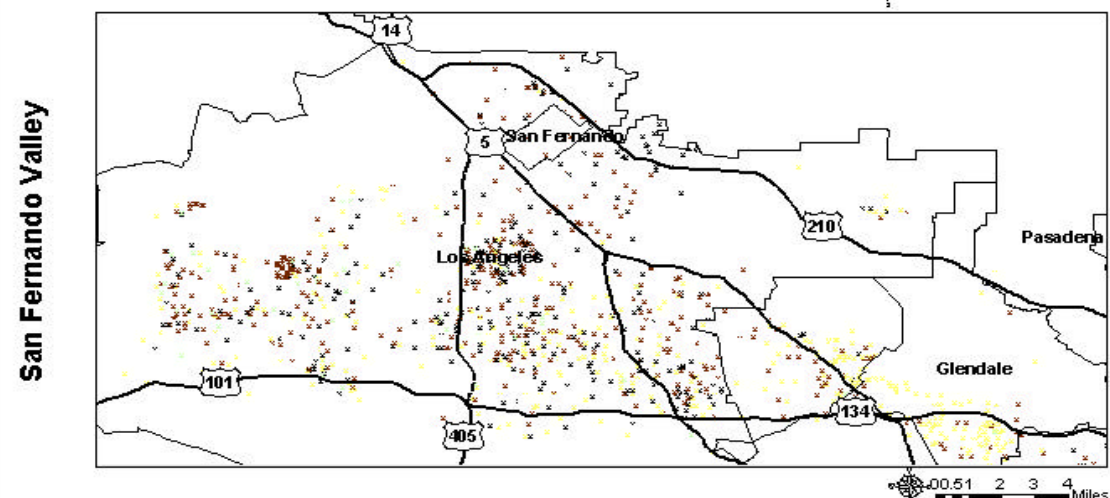
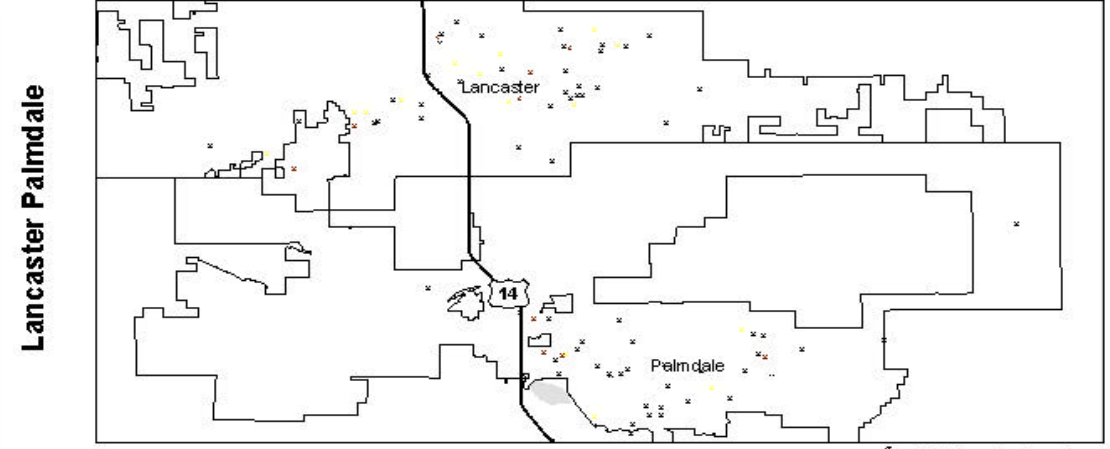
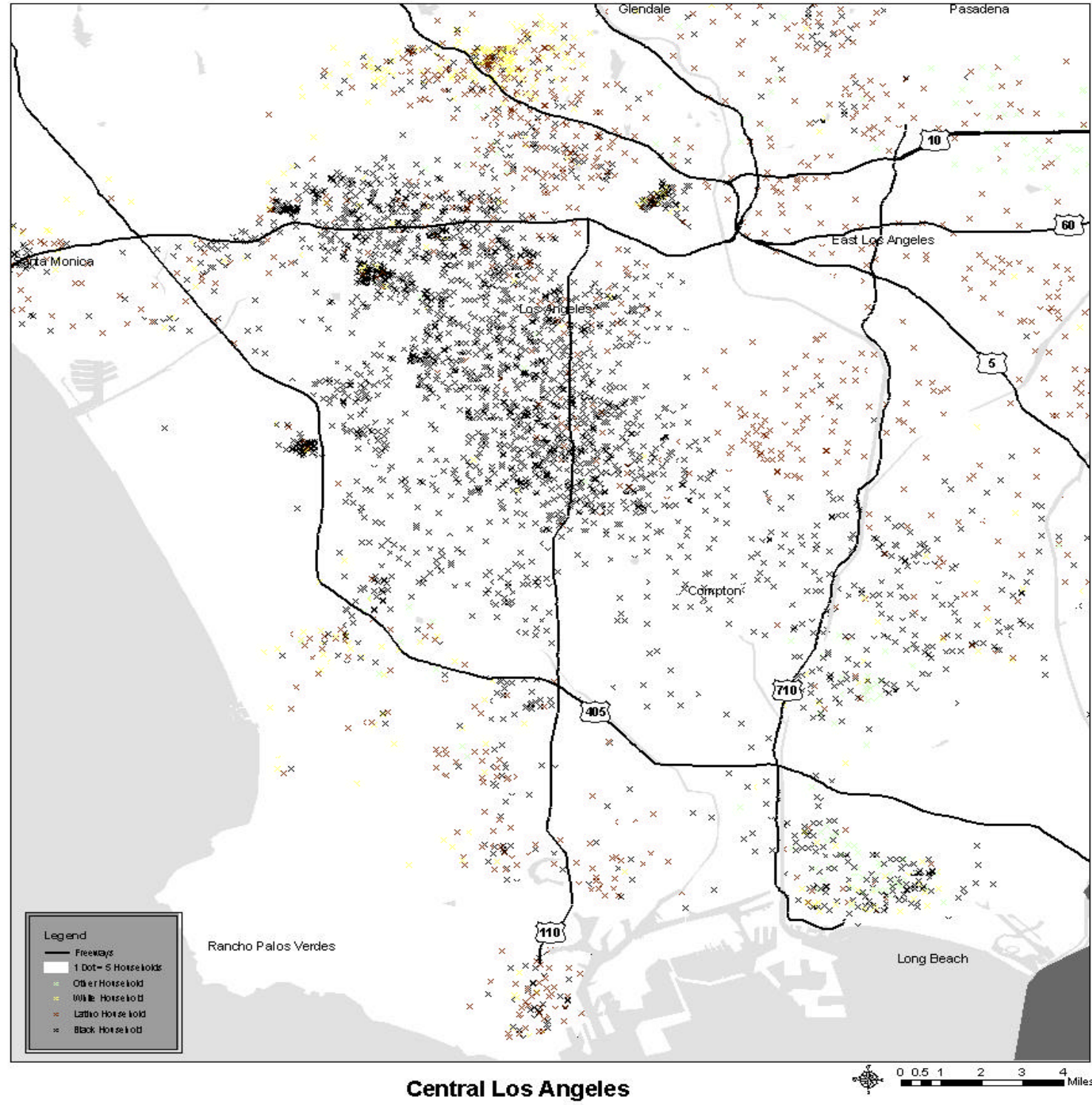
of 792 of the 3,011 White participant households living in affluent neighborhoods. Like Latino households the majority of the White participant households lived in low-poverty and poor neighborhoods during both 1997 and 2002. The changes in participation rate by neighborhood type changed anywhere from 34 percent to as much as 60 percent for White participant households. Despite all the changes in participation rate, White participant households had some of the lowest proportion of households living in very poor neighborhoods in both 1997 and 2002.

In 1997 and 2002 between 1,000 and 1,500 participant households self identified as “other.” The trends for these households are quite similar to those of participant Latino and White households. The majority of the households reside in low-poverty and poor neighborhoods, with few households living in affluent and very-poor neighborhoods. “Other” participant households did experience a 14 percent increase in distributions in very-poor neighborhoods between 1997 and 2002.

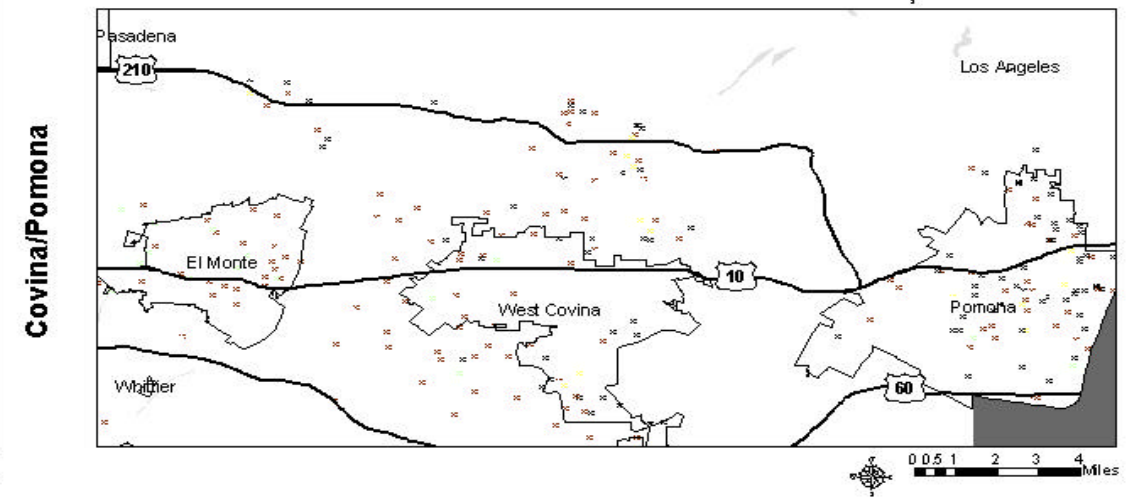
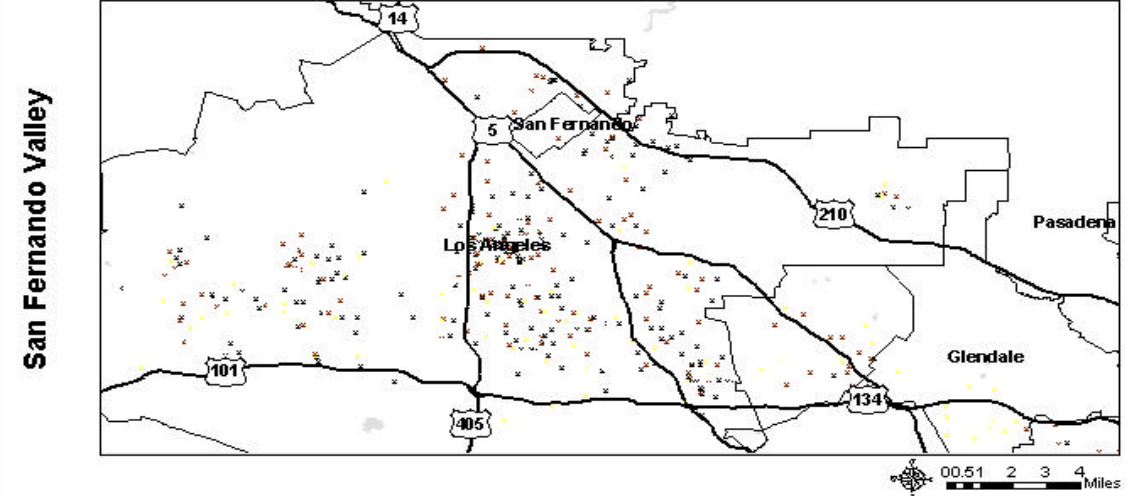
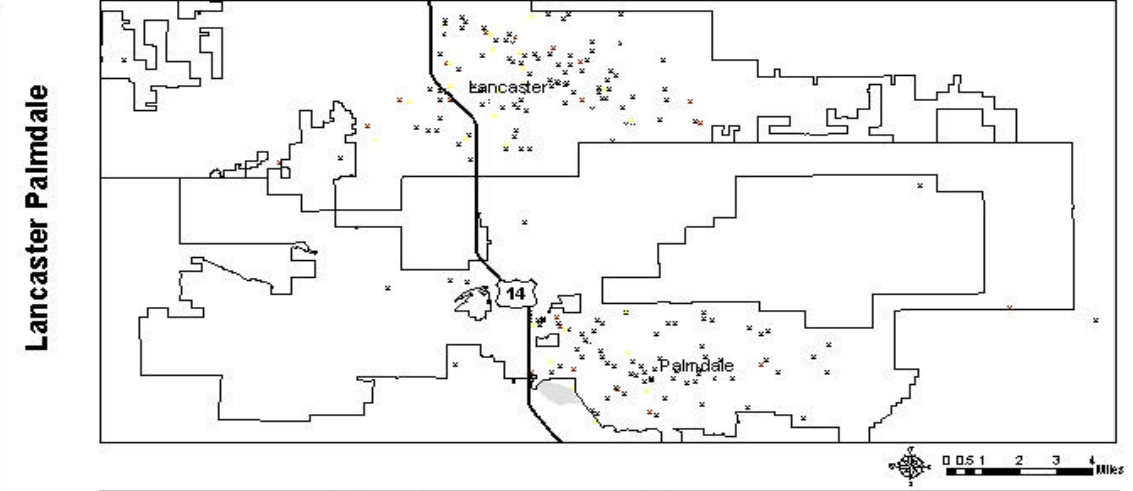
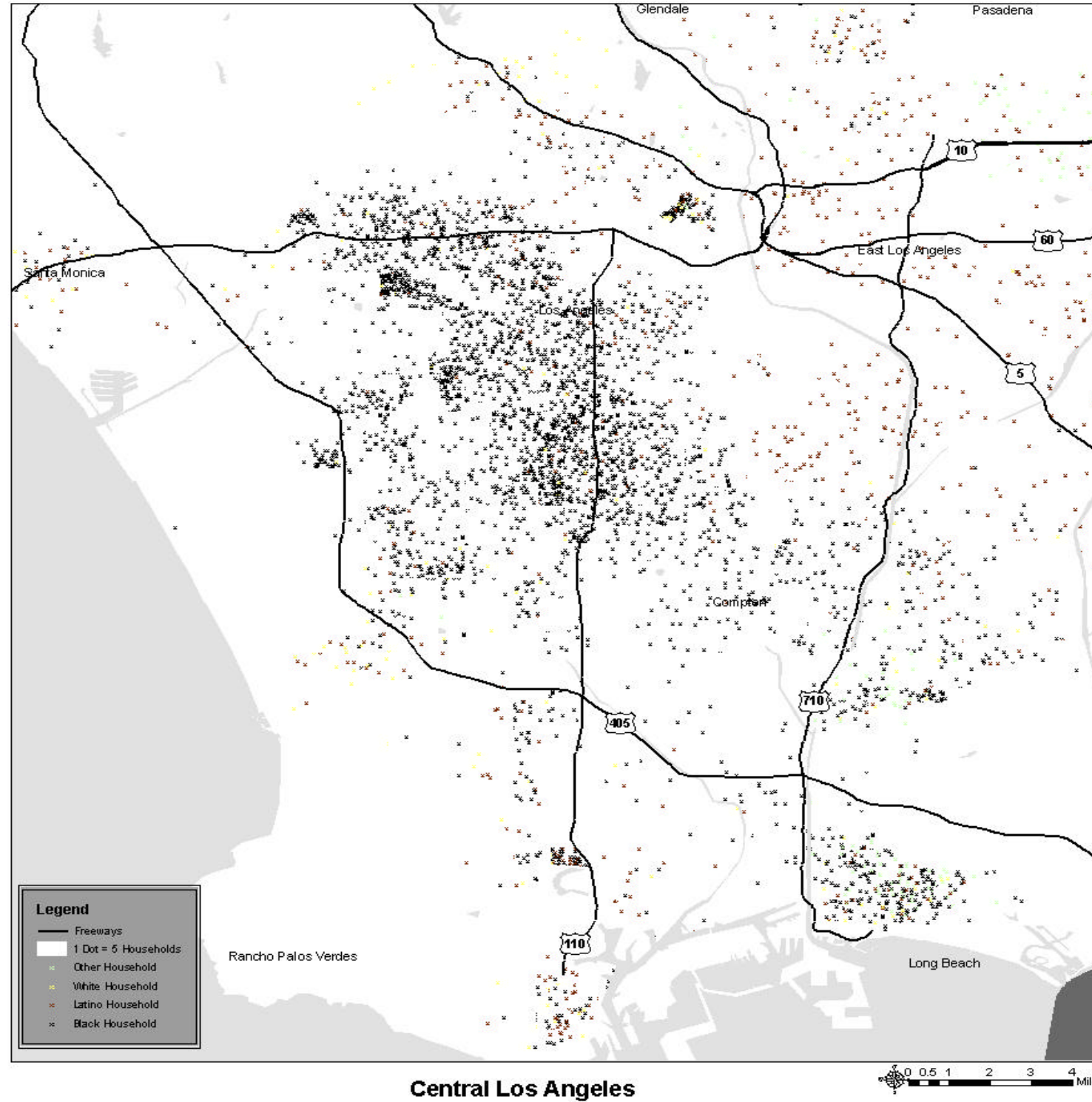
The distribution of participant households by Ethnic Group can be observed in Maps 3 and 4. Not surprisingly, the core of Central Los Angeles experienced an increased concentration of Black participant households as did Lancaster and Palmdale.

White participant households concentrated in the San Fernando Valley and along the Ventura freeway corridor in 1997. Surprisingly by 2002, the cluster of White households visible in 1997 is no longer there. Latino participant households on the other hand, appear to be concentrating in the eastern portion of Los Angeles County in areas like Pomona, Whittier, Bell Gardens, Huntington Park, Cudahy and Maywood.

Map 3: Distribution of Participant Households by Ethnic Group 1997



Map 4: Distribution of Participant Households by Ethnic Group 2002



Effects of Affordable Unit Supply on Participant Household Locational Distribution

The success of the Section 8 Housing Choice Voucher is highly dependent on the conditions of the housing markets and the manner in which landlords react to the market. Because the Section 8 program is a market approach to deconcentrating poverty, it is paramount to examine whether or not Section 8 participants do, in fact, have greater access to varied housing markets across Los Angeles. This section contains an overview of how the Fair Market Rent (FMR) affects the locational outcomes of program participants and is followed by an overview of rental markets in Los Angeles.

Fair Market Rents and Voucher Value

The process of determining Fair Market Rents (FMR) is complicated. HUD conducts an annual analysis of the rental markets and determines the FMR based on its survey. HUD defines the FMR as the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing markets (24 CFR 888). The level at which HUD sets the Fair Market Rent essentially determines the value of the voucher. Local public housing authorities set the payment standard between 90 and 110 percent of the FMR. In other words, if the realized rent for a one bedroom unit is a \$1,000 the public housing authority can chose the set the value of the voucher anywhere from \$900 to \$1,100. Housing authorities set the payment standard depending on the neighborhood's supply of affordable units and rents.¹⁹

¹⁹ Housing Authorities can also petition HUD to set the payment standard higher. However, the more they spend on any one individual voucher reduces the total number of vouchers they can fund.

The total tenant payment (TTP) is the equivalent of the real rent minus the payment standard. Table 4 summarizes how the value of the voucher is determined. All Section 8 participant households are required to pay at least 30% (but not more than 40% of their adjusted household income. Hence, the real market rent of the unit and the value of the voucher determines the amount of money the household will have for consumption of other goods.²⁰

Table 6: Determining Total Tenant Payment

Step 1.	HUD conducts survey of realized market rents and sets the Fair Market Rents (FMR)
Step 2.	Local public housing authorities sets the payment standard (The payment standard is equal to anywhere from 90 to 110 percent of FMR)
Step 3.	Total Tenant Payment is: Real Market Rent - Payment Standard = Total Tenant Payment (Must Equal at least 30% but not more than 40% of Tenant Adjusted Income)

(HUD 2004)

By dictating the value, the Fair Market Rent can significantly affect where Section 8 participant households live. When the fair market rent is higher than the realized market rents, the value of the voucher is high. Voucher holders will be able to pay a very competitive rent in many neighborhoods. The ability to pay competitive rents translates to the voucher holder having added flexibility and wider options in choosing where to live.

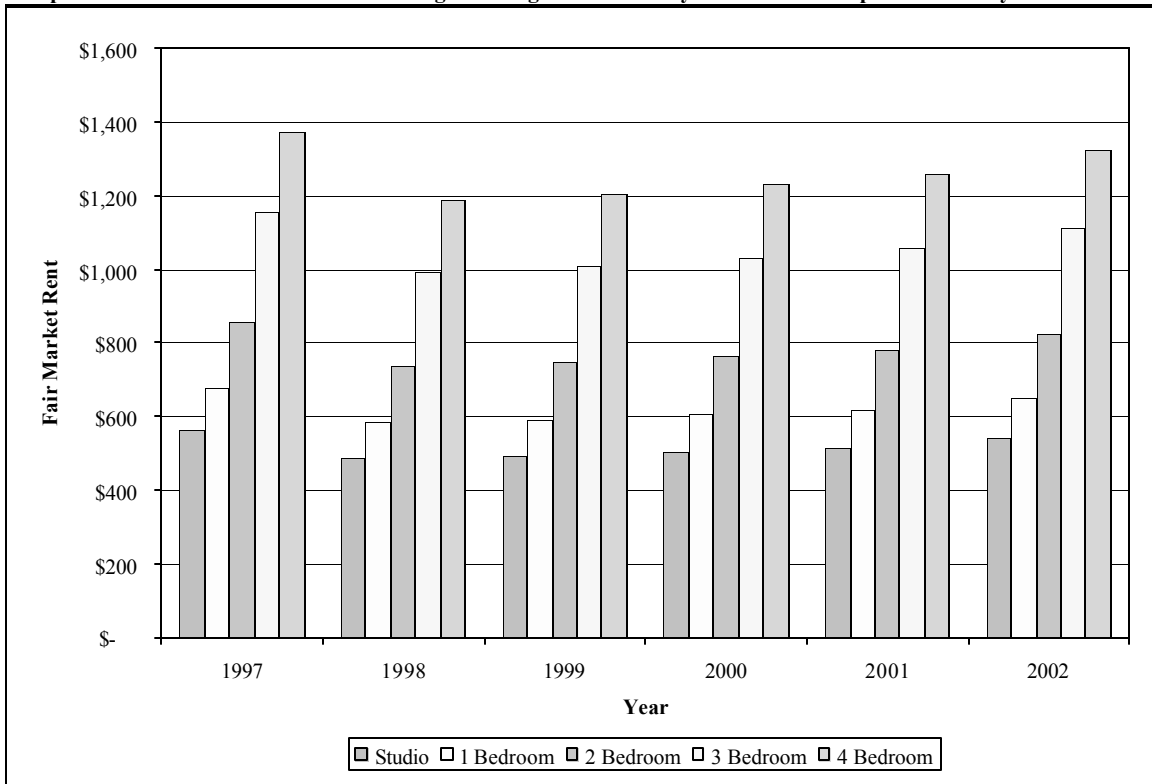
As the fair market rent and the realized market rents converge the purchasing power of the voucher stabilizes. The voucher holder no longer has a competitive

²⁰Households can choose to live in low rent units in poor neighborhoods, despite being able to afford a unit in an area with less poverty, so as to maximize other income.

advantage in relation to other renters in as many neighborhoods. The universe of housing options will decrease as there will be fewer units that the voucher holder may be able to afford.

When the FMR lags to the realized market rental rates, the buying power of the voucher decreases proportional to the amount by which the FMR and the RMR differ. The value of the voucher no longer has the purchasing power to allow families to move to neighborhoods with higher rents. The result will be that voucher users will be able to utilize their vouchers in fewer and fewer neighborhoods and thus will again become concentrated. The areas in which the voucher still holds a high value decrease.

Graph 3: Fair Market Rents for the Los Angeles-Long Beach Primary Statistical Metropolitan Area by Unit Size

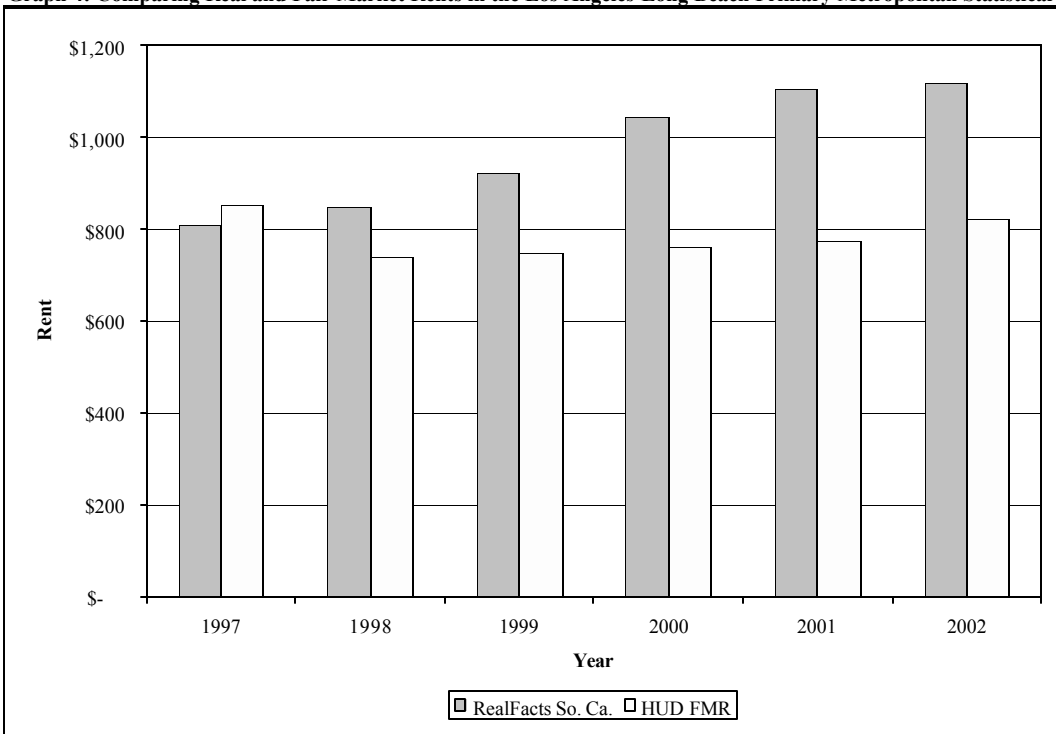


(Source: HUD 2004)

Graph 3 displays the changes in Fair Market Rents in Los Angeles-Long Beach Primary Statistical Metropolitan Area by unit size between 1997 and 2002. The graph also illustrates that HUD decreased the FMR in 1998. The decrease of 14 percent was implemented to all unit sizes. Between 1998 and 2000, the FMR slowly increased by a little over 2 percent. Between 2001 and 2002, the Fair Market Rent was increased by 5 percent for all unit types. But have these rates been keeping up with real market rents in Los Angeles?

This section explores the Los Angeles rental market and how it has changed over time by looking at: 1) decennial census data and 2) by looking at data collected by Real Facts Southern California.

Graph 4: Comparing Real and Fair Market Rents in the Los Angeles-Long Beach Primary Metropolitan Statistical Area



(Source: HUD 2004, and RealFacts estimated from LA Times, Feb. 6, 2003, pg C1)

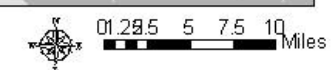
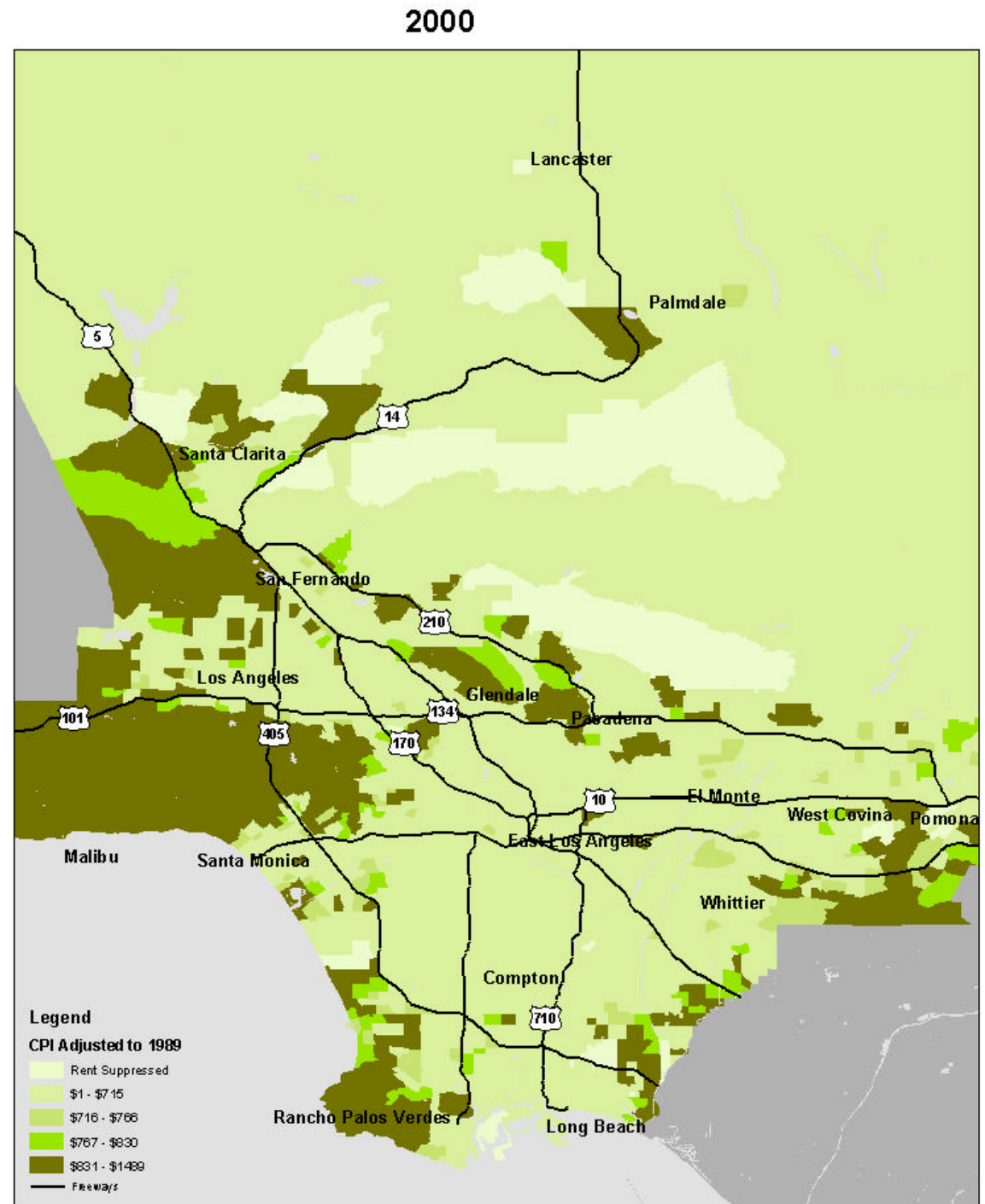
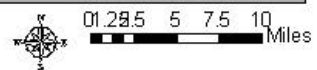
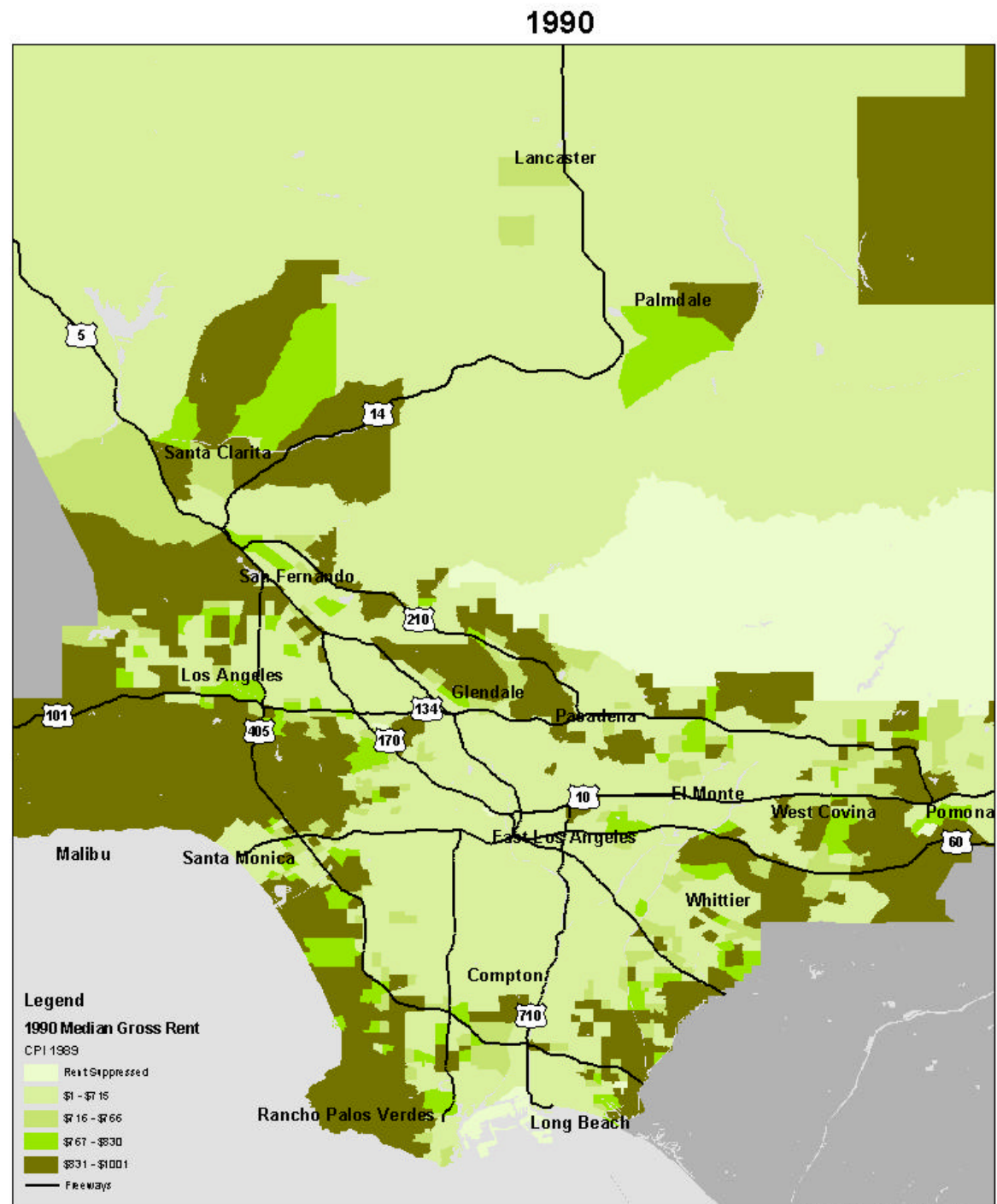
Graph 4 shows how the average FMR for the Los Angeles-Long Beach Primary Metropolitan Area compares to regional rents. Between 1995 and 1997 the fair market rent was established at a level which was well above the observed rental rates. Mobility for Section 8 households would be expected to be at maximum levels, as the value of the voucher exceeded most of the median gross rent for Los Angeles County neighborhoods. Voucher holders would be able to afford units across the Los Angeles Long Beach Metropolitan Statistical Area.

In 1998, Congress passed the Quality Housing and Work Responsibility Act of 1998 which merged certificate programs and voucher programs in October. From then on, HUD began to conduct rent reasonableness tests for the Section 8 program. The enactment of the legislation and reduced government funding may have led to the decrease in the fair market rents; which were reduced to just under \$750. The FMR dipped significantly below the realized market rates which were around \$850.

The disparity between realized rents and the FMR continued its steep ascent in the late 1990s and into the new decade. By 2002, despite modest increases in the FMR, the FMR lagged almost \$300 behind the realized market rates reported by Real Facts Southern California. The reduced value of the voucher would be expected to have a concentrating effect on locational patterns of voucher users, as there would be fewer neighborhoods in which they could use the voucher.

Clearly, the reduction in Federal funding to the Section 8 program and the lowering of the FMR reduced both the number of households that could receive voucher assistance and the purchasing power of the voucher.

Map 5: Comparison Of Median Gross Rents in Los Angeles County between 1990 and 2000



Map 5 is a comparison of the different parts of Los Angeles County in which Voucher users would have likely used them in 1990 and 2002. The map classifies census tracts in to five categories. The first, suppresses the rents for tracts reporting a median gross rent of \$0.²¹ In 1990 HUD set the FMR at \$715. The second category highlights areas in which the gross median rent was below the \$715 per month level. By 2000, HUD raised the FMR to \$766. The third category identifies the areas in which rents were \$716-\$766 per month. Hypothetically, households would be more likely to use their voucher in areas where the median gross rent was below \$766, although some may have chosen to pay more. In 2002, the FMR for Los Angeles County was approximately \$830 per month. The fourth category identifies areas in which gross median rents were \$767-\$830 per month. The fifth category identifies areas where the median gross rent is higher than the FMR and therefore represents areas where voucher holders would least likely locate.

Surprisingly, the areas where the median gross rent exceeded the FMR shrunk between 1990 and 2000. Palmdale, Lancaster, and the Long Beach-San Pedro areas all became more affordable. Not coincidentally, Section 8 households clustered in those areas. Central Los Angeles was accessible to participant households in 1990 and 2000. The median gross rent decreased slightly in the areas between Santa Monica and Rancho

²¹ All rents are indexed to CPIU in 1989 dollars. I could not find information on whether HUD indexes their reported FMRs. For the purposes of this demonstration we will assume that the FMR's are in 1989 dollars, as a conservative estimate. If they are in fact in 2000 and 2002 dollars their values would be less than in 1989 dollars.

Palos Verdes. However, very little clustering of Section 8 households occurred in those areas with the exception of Lawndale.

Although it seems as though the FMR kept up with median gross rents in the County, the map may be misleading. First, it does not necessarily follow that because the median gross rent is consistent with the FMR that landlords will actually participate in the program. This indicates that the map may overstate the areas in which vouchers increased accessibility. Future research must be conducted to refine this comparison and test the degree to which the supply of affordable housing affects concentrated poverty.

VI. Conclusion and Policy Recommendations

Did vouchers increase tenant mobility in Los Angeles between 1997 and 2002?

No, vouchers did not help increase tenant mobility in Los Angeles. The reduction of funding, lack of affordable housing units in affluent and low-poverty neighborhoods, and persistent discrimination may be the culprits in reducing the effectiveness of the Section 8 Housing Choice Voucher program in Los Angeles.

Did ethnicity affect locational outcomes of participant households in Los Angeles? Yes, ethnicity continues to play a role in affecting where low-income minority households locate.

The data point to the difficulty in implementing deconcentration programs. Distrust, racism, reluctance to participate and many other psychological factors effect the programs success. The backlash against public housing projects led to the rise in voucher and other market responses. However, to be successful these programs must be fully funded, or like many programs before them, they will fall short of their intended goal- to help house those that cannot afford to house themselves. The conclusions and policy recommendations that follow are first steps to fixing a program that may have great potential.

Policy Recommendations

Clearly more research needs to be done on how housing market behaviors may cause concentrated poverty. In the meantime, to increase mobility of participant households in Los Angeles the following recommendations must be implemented:

1. Full funding must be a priority for the Federal government.

2. City planners, local jurisdictions, and Public Housing Authorities must work with developers and landlords to increase the supply of affordable housing in low-poverty and affluent neighborhoods.
3. Persistent discrimination must be addressed and more research on effects of ethnicity on locational distribution must be undertaken.
4. Low-income non-participant households must be monitored, and planners need to understand the role of housing markets in concentrating poverty.
5. Clustering must be avoided in vulnerable neighborhoods.

1. The Program Must Receive Full Funding

The changes in locational distribution of housing choice voucher participant households signal concerns that may be raised about the program's future success if the program is not funded adequately. Given the booming real estate markets in Southern California, it should come as little surprise that observed real market rents increased dramatically between 1997 and 2002. The rising rents and the concurrent lagging FMR contributed to the losses of program participants in affluent and low-poverty neighborhoods.

Housing authorities are increasingly being asked to walk a tight rope. The decrease of federal funding reduces the number of households local housing authorities can fund and the amount they can allocate for each voucher. If HUD raises the FMR without a proportional increase in total funding, the local housing authorities will have no choice but to give assistance to fewer households. Legislators must understand that

decreasing funding has a disproportionate negative affect on the number of vouchers local authorities can fund because of the rise in Fair Market Rents in Los Angeles. Loss of funding will consequently lead to a reduction in participant household mobility.

As talks of program reduction pervades during these times of budgetary deficits, it seems far fetched to recommend more money be spent and that more resources be allocated to make the Housing Choice Voucher programs function at their full capacity. Nonetheless, this is exactly what needs to occur if the stated goals of the program are ever to be realized. Local housing authorities need to work with city planners, city governments, developers and community development organizations to stretch the dollars they do have. But, if the government is unwilling to fund market approaches to levels where they can be successful, they should reconsider other options.

2. City planner and Public Housing Authorities must increase supply of affordable units.

Government must help ensure that sufficient supply of affordable housing is available. After all, the success of the voucher program hinges on ample supply across all types of neighborhoods. To be able to do so, more needs to be understood about the way landlords affect the program's success.

In tight markets, typical of Southern California, landlords can become more reluctant to participate in the voucher program, regardless of the neighborhood type. Affordable units must be supplied across all different neighborhood types. Housing authorities must work hard to improve participation rates of land lords in low-poverty and affluent neighborhoods. Research needs to be conducted to explore the behavior patterns of landlords. In particular, research should be conducted to explore: 1) Why landlords

choose to participate or not participate in the program, 2) What are the benefits of participating, 3) What incentives would help induce participation, 4) How does the household's ethnic background affect willingness to participate, 5) How can the local housing authorities improve the programs to encourage participation. In addition to conducting further research on land lord participation, more outreach and targeting of land lords in affluent and low-poverty neighborhoods needs to occur in the short term; and long-term solutions must be explored.

For neighborhoods that do not have affordable housing at all, HUD or the local housing authority in conjunction with planning departments may look into ways of increasing the supply of affordable housing. Planning officials and local governments may need to inspire developers to build affordable multi-family housing in areas they may not typically be located. Changing zoning laws may be a first step. Decision makers at the Federal, State, and local level must explore whether Section 8 programs can be linked with inclusionary zoning ordinances, or Low-Income Housing Tax Credit programs to increase the supply of affordable housing. The importance of having available affordable housing units cannot be understated.

3. Persistent discrimination must be addressed.

Persistent racism and stereotyping led to the differences in locational patterns across ethnic groups between 1997 and 2002 in Los Angeles. The data show that persistent racial discrimination may affect locational distribution patterns of participant households. In particular, Black households have experienced increasing concentration in high poverty neighborhoods. Latino households fared minimally better. In 2002, one

in two participant households of Latino descent was still likely to live in poor neighborhoods. Although HUD and local housing authorities cannot be blamed for these trends, they must do more to reduce pervasive discrimination.

HUD and local housing authorities should consider creating incentives for landlords that rent to Black and Latino households. Reviewing counseling and assistance methods to ensure that they are culturally sensitive and respondent to the needs of Black and Latino households may help. Racism cannot go unchecked for the success of the program to be enjoyed by all participants equally.

More importantly, future research needs to be conducted that focuses on distinguishing the effects of racial segregation and economic segregation. The literature review is less than conclusive on the topic. We need to understand whether the locational distribution of ethnic participant households is primarily related to racial segregation or if it is a by product of class segregation. Understandably, this will be a daunting task, as the history of both in America have been intertwined for decades.

4. Low-income non-participant households must be monitored.

Government agencies must monitor low-income non-participant households. It is disconcerting that despite the extra assistance Section 8 participant households receive (including counseling, services, and money) fewer and fewer households are able to find housing units in affluent and low-poverty neighborhoods. Poor households not receiving assistance that may be attempting to move out of high poverty areas may be facing equally daunting challenges. Or they may be faring even worse.

The important improvements experienced by the Gautreaux Families and the Moving to Opportunity experimental groups, are likely absent in the lives of current program participants. The likelihood of non-participant households experiencing the same success seems even more remote. The Gautreaux and MTO demonstration projects, despite their flaws, led to significant life improvements for participants. If fully funded, the Housing Choice Voucher program has similar potential. As researchers, we must also explore the human consequences of deconcentration programs.

In Los Angeles, Section 8 participants are clustering in South Central Los Angeles. Low-income non-participant households are likely experiencing increased concentration in the same areas. We must understand what is happening to the people in those neighborhoods to avoid the vicious cycle described in Wilson's *The Truly Disadvantaged*.

We know that market flooding may have negative effects on non-participant households. As they have increased difficulties competing with voucher holders for units that they previously would have been able to obtain. As was discussed, flooding of low rent markets may have negative consequences for both voucher and non-voucher households. Further analysis must be conducted to examine what the characteristics of these receiving neighborhoods are, and how the built environment may be inducing the influx of low-income tenants.

5. Clustering must be avoided

Galster, *et al.* (1999) warned of the dangers clustering in vulnerable neighborhoods. The influx of voucher holders into particular neighborhoods may fuel

stereotypes and discrimination of Section 8 tenant households. Clustering must be avoided to mitigate the effects on neighborhood impacts.

Whether real or perceived, discrimination affects locational distribution of Section 8 households. Affluent and low-poverty neighborhoods fear public safety and property values will decrease. Clustering in vulnerable neighborhoods, as Galster, *et al.* suggest, may tip public opinion further away from where it needs to be. Ironically, the Galster study also showed that property values in non-vulnerable neighborhoods actually increased when landlords fixed their property (a requirement for program eligibility). Case studies of how this works may help fend of NIMBY attitudes. For deconcentration programs to work, policy makers may have to go against their constituencies desires, for the benefit of society as a whole.

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